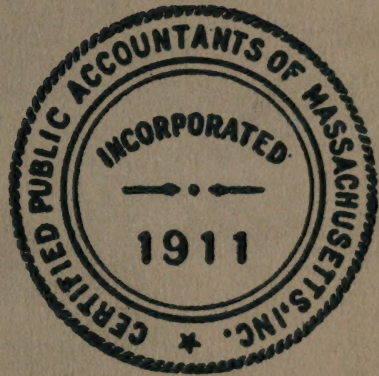



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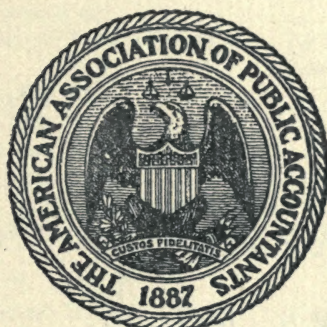
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THE AMERICAN ASSOCIATION OF PUBLIC ACCOUNTANTS YEAR-BOOK

1912-1913



[Incorporated under the Laws and Statutes of the State of New York]

Officers, Committees, Trustees and Members. Proceedings of the Annual Meeting in Boston, September 16th, 17th and 18th, 1913. Papers read at convention, together with discussions. List of C. P. A. Examiners. Certified Public Accountancy Laws in force in the several states. Constitution and By-Laws of the American Association as revised at the Boston Convention

NEW YORK
THE RONALD PRESS COMPANY
1913



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61-67 NAVY STREET
BROOKLYN, N. Y.

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Introductory Note

In preparation of this year book of the American Association of Public Accountants the executive committee has authorized a departure from precedent in that the proceedings have been reduced to the least space commensurate with a proper record of important transactions of the convention.

During the year laws creating accountancy boards have been enacted in Delaware, Maine, Nevada, North Carolina, North Dakota, Oregon, Tennessee and Wisconsin. The text of these laws will be found in an appendix of this volume. Laws of other states have been revised by state officials and are now presented in the form in which they stand on the statute books at this date.

The chronicle of the convention at Boston is the history of a delightful meeting and of extraordinary hospitality on the part of the Certified Public Accountants of Massachusetts, Incorporated.

A. P. RICHARDSON,

Secretary.

55 Liberty Street, New York,
October, 1913.

Certificate of Incorporation.

STATE OF NEW YORK, }
City and County of New York, } ss.:

Be it known, that we:

ROBERT L. FABIAN of New York City,
JAMES YALDEN, "
WM. CALHOUN, "
WALTER H. P. VEYSEY, "
MARK C. MIRICK, "
CHARLES H. W. SIBLEY, "
RODNEY McLAUGHLIN of Boston, Mass.
JOHN HEINS of Philadelphia, Pa.,

being perons of full age and citizens of the United States, and the majority being also citizens of the State of New York, desiring to associate ourselves for social and benefit purposes, do hereby certify in writing, as follows, to wit:

First.—That the name or title by which such society shall be known in law is

"THE AMERICAN ASSOCIATION OF PUBLIC ACCOUNTANTS."

Second.—The particular business and object of such society is to associate into a society or guild for their mutual benefit and advantage the best and most capable public accountants practising in the United States; and through such association to elevate the profession of public accountants as a whole, and to promote the efficiency and usefulness of members of such society, by compelling the observance of strict rules of conduct as a condition of membership and by establishing a high standard of professional attainments through general education and knowledge and otherwise; and to transact such business as may be necessary and incident to the establishment and conduct of an association for the foregoing purpose.

Third.—The number of trustees, directors or managers to manage the same shall be eight, and the names of the trustees, directors or managers for the first year of its existence are as follows, *viz.*:

Robert L. Fabian, James Yalden, Wm. Calhoun, Walter H. P. Veysey, Mark C. Mirick, Charles H. W. Sibley, Rodney McLaughlin and John Heins.

Certificate of Incorporation

Fourth.—The district in which the principal office of such company or association shall be located is in the City, County and State of New York.

In testimony whereof we have made and signed the foregoing certificate this twentieth day of August, in the year one thousand eight hundred and eighty-seven.

(Signed) J. YALDEN,
JOHN HEINS,
WALTER H. P. VEYSEY,
M. C. MIRICK,
C. H. W. SIBLEY,
ROBERT L. FABIAN,
WM. CALHOUN,
RODNEY McLAUGHLIN.

STATE OF NEW YORK, }
City and County of New York, } ss.:

I, Charles Donohue, Justice of the Supreme Court of the State of New York, certify that the foregoing certificate has been submitted to, and examined by me and is properly drawn and signed, and that the same is in conformity with the constitution and laws of this state, and that the purpose for which the society or club is to be incorporated is not repugnant to any statute of this state, or prohibited thereby; and the same is hereby approved and the filing of this certificate consented to.

In testimony whereof, I have hereunto set my hand this 20th day of September, A. D. 1887.

(Signed) C. DONOHUE.

STATE OF NEW YORK, }
City and County of New York, } ss.:

I, James A. Flack, clerk of the said city and county, and clerk of the Supreme Court of the said state for said county, do certify that I have compared the preceding with the original certificate of incorporation of The American Association of Public Accountants on file in my office, and that the same is a correct duplicate therefrom, and of the whole of such original.

Indorsed, filed and recorded, 20th September, 1887.

In witness whereof, I have hereunto subscribed my name and affixed my official seal, this 20th day of September, 1887.

(Signed) JAMES A. FLACK,
Clerk.

[SEAL]

American Association Year-Book

STATE OF NEW YORK, }
City and County of New York, } ss.:

I have compared the preceding with the duplicate original certificate of incorporation of The American Association of Public Accountants, with acknowledgments thereto annexed, filed and recorded in this office on the twenty-second day of September, 1887, and do hereby certify the same to be a correct transcript therefrom, and of the whole of the said duplicate original.

Witness my hand and the seal of the office of the Secretary of State, at the City of Albany, this 22d day of September, one thousand eight hundred and eighty-seven.

(Signed) **FREDERICK COOK,**
Secretary of State.

[L. s.]

The American Association of Public Accountants.

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*John Heins	1888-1891
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J. E. Sterrett.....	1908-1910
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Robert H. Montgomery.....	1912-

*Now deceased.

The American Association of Public Accountants

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1913-1914.

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W. R. Mackenzie.....Oregon

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of constituent Societies of Accountants, and their addresses; also year when legislation recognizing the accountancy profession was enacted in those States.

1896 New York State Society of Certified Public Accountants,
Apr. 17 *President*—EDWARD L. SUFFERN, C.P.A., 149 Broadway, New York.

Secretary—SAMUEL D. PATTERSON, C.P.A., 141 Broadway, New York.

Treasurer—DAVID E. BOYCE, C.P.A., 30 Church Street, New York.

1899 Pennsylvania Institute of Certified Public Accountants,
Mar. 29 *President*—EDWARD P. MOXEY, C.P.A., 1202 Real Estate Trust Building, Philadelphia.

Secretary—WILLIAM J. WILSON, C.P.A., 832 Land Title Building, Philadelphia.

Treasurer—CHARLES WEISSINGER, C.P.A., Bulletin Building, Philadelphia.

1900 Maryland Association of Certified Public Accountants of Baltimore
Apr. 10 City,

President—ELMER L. HATTER, C.P.A., 1031 Calvert Building, Baltimore.

Secretary—ERNEST E. WOODEN, C.P.A., 1031 Calvert Building, Baltimore.

Treasurer—CHARLES R. DITMAN, C.P.A., 115 East Lombard Street, Baltimore.

1901 California State Society of Certified Public Accountants,
Mar. 23 *President*—NORMAN McLAREN, C.P.A., 519 California Street, San Francisco.

Secretary } JOHN F. FORBES, C.P.A., Crocker Building, San
Treasurer } Francisco.

1903—Washington Society of Certified Public Accountants,
Mar. 12 *President*—C. M. WILLIAMS, C.P.A., 325 New York Block, Seattle.

Secretary } S. F. RACINE, 405 Leary Building, Seattle.
Treasurer }

American Association Year-Book

- 1903—Illinois Society of Certified Public Accountants,
July 1 *President*—JOHN A. COOPER, C.P.A., 38 S. Dearborn Street,
Chicago.
Secretary } W. W. THOMPSON, C.P.A., 30 N. La Salle Street,
Treasurer } Chicago.
- 1904 New Jersey, Society of Certified Public Accountants of the State of,
Apr. 5 *President*—CLARKSON E. LORD, C.P.A., 30 Broad Street, New
York.
Secretary—FRANK G. DUBOIS, C.P.A., Union Building, Newark.
Treasurer—EDWIN G. WOODLING, C.P.A., 302 Prospect Street,
Cranford.
- 1905 Michigan Association of Certified Public Accountants,
May 4 *President*—FREDERIC A. TILTON, C.P.A., Moffat Building,
Detroit.
Secretary—W. D. BONTHRON, C.P.A., 1004 Union Trust Building,
Detroit.
Treasurer—GEORGE C. BROWN, C.P.A., Majestic Building, Detroit.
- 1906 Rhode Island Society of Certified Public Accountants,
Apr. 20 *President*—CHARLES S. JENCKES, C.P.A., Industrial Trust Build-
ing, Providence.
Secretary } HAMILTON L. CARPENTER, C.P.A., Industrial Trust
Treasurer } Building, Providence.
- 1907 Colorado Society of Certified Public Accountants,
Mar. 27 *President*—F. W. DEIDESHEIMER, C.P.A., P. O. Box 1571, Denver.
Secretary—C. L. HELLER, C.P.A., P. O. Box 1375, Denver.
Treasurer—J. A. WRITER, C.P.A., Boston Building, Denver.
- 1907 Connecticut Society of Certified Public Accountants,
July 11 *President*—FREDERICK C. MANVEL, C.P.A., Greenwich.
Secretary—C. C. WILSON, C.P.A., 146 Fairview Avenue, Bridge-
port.
Treasurer—FREDERICK W. CHILD, C.P.A., Greenwich.
- 1908 Ohio Society of Certified Public Accountants,
May 9 *President*—H. A. KELLER, C.P.A., Hayden Building, Columbus.
Secretary } J. A. MILLER, C.P.A., Union Central Building, Cin-
Treasurer } cinnati.
- 1908 Louisiana Certified Public Accountants, Society of,
July 2 *President*—GUY V. W. LYMAN, C.P.A., Hibernia Building, New
Orleans.
Secretary—PAUL HAVENER, C.P.A., Whitney Central Building,
New Orleans.
Treasurer—MYRON M. GOLDMAN, C.P.A., Whitney Central Build-
ing, New Orleans.

Presidents, Secretaries and Treasurers

- 1908—Georgia Society of Certified Public Accountants,
Aug. 17 *President*—JOEL HUNTER, C.P.A., Empire Building, Atlanta.
Secretary } CHARLES NEVILLE, C.P.A., Savannah Bank and Trust
Treasurer } Building, Savannah.
- 1909 Montana State Society of Public Accountants,
Feb. 27 *President*—W. F. BATTIN, C.P.A., P. O. Box 1387, Butte.
Secretary }
Treasurer } ARTHUR J. ANDREWS, C.P.A., P. O. Box 1387, Butte.
- 1909 Minnesota Society of Public Accountants,
Apr. 22 *President*—RALPH D. WEBB, C.P.A., Lumber Exchange, Minneapolis.
Secretary } EDGAR C. SALVESEN, C.P.A., 215 McKnight Building,
Treasurer } Minneapolis.
- 1909 Massachusetts, Certified Public Accountants of, Inc.
May 17 *President*—WALDRON H. RAND, C.P.A., 101 Milk Street, Boston.
Secretary—WALTER C. WRYE, C.P.A., 84 State Street, Boston.
Treasurer—GERALD WYMAN, C.P.A., 131 State Street, Boston.
- 1909 Missouri Society of Certified Public Accountants,
Aug. 15 *President*—STANLEY YOUNG, C.P.A., Commerce Building, Kansas City.
Secretary—BERTRAM D. KRIBBEN, C.P.A., Central National Bank Building, St. Louis.
Treasurer—J. D. M. CROCKETT, C.P.A., Grand Avenue Temple, Kansas City.
- 1910 Virginia Society of Public Accountants, Inc.
Mar. 14 *President*—THOMAS U. HARE, C.P.A., 210 Withers Building, Norfolk.
Secretary—W. R. TOLLETH, C.P.A., Bank of Commerce, Norfolk.
Treasurer—A. M. PULLEN, C.P.A., 903 Travelers Building, Richmond.
- 1913 Oregon State Society of Certified Public Accountants,
Feb. 21 *President*—E. H. COLLIS, C.P.A., Worcester Building, Portland.
Secretary }
Treasurer } H. A. MOSER, C.P.A., Wilcox Building, Portland.
- 1913 Tennessee Society of Public Accountants,
Mar. 27 *President*—WILLIAM A. SMITH, C.P.A., 310 Memphis Trust Building, Memphis.
Secretary—W. T. WATSON, C.P.A., 1360 Goodbar Avenue, Memphis.
Treasurer—J. G. METZ, C.P.A., 1308 Memphis Trust Building, Memphis.

American Association Year-Book

1913 Wisconsin Association of Public Accountants,
May 26 *President*—HENRY SCHNEIDER, C.P.A., 612 Railway Exchange
Building, Milwaukee.

Secretary }
Treasurer } JOHN E. REILLY, 1115 Wells Building, Milwaukee.

**Legislation pending (or not yet secured) in the following States
where Accountants' Societies exist.**

Alabama State Association of Public Accountants,
President—G. L. LEMON, 1309 Empire Building, Birmingham.
Secretary—T. A. RIDOUT, Empire Building, Birmingham.
Treasurer—C. S. HUFFMAN, Brown-Marx Building, Birmingham.

Kentucky Society of Public Accountants,
President—THOMAS E. TURNER, Union National Bank Building,
Louisville.
Secretary—CHARLES G. HARRIS, Union National Bank Building, Louis-
ville.
Treasurer—OVERTON S. MELDRUM, 514 Keller Building, Louisville.

Texas State Society of Public Accountants,
President—D. H. KERNAGHAN, 201 Flatiron Building, Fort Worth.
Secretary—C. E. SCALES, 1000 Lipscomb Street, Fort Worth.
Treasurer—C. F. BRIDEWELL, C.P.A., 24 Gilbert Building, Beaumont.

MEMBERS

* Indicates Certified Public Accountant.

† Indicates that, although a member of the State Society in which name appears, vote is cast as a fellow at large or through another state society.

FELLOWS AT LARGE—(Original).

*ADERER, ALEXANDER.....	225 Fifth Ave., New York
*ARCHER, JOHN P.....	225 Fifth Ave., New York
BABCOCK, H. N.....	309 McBride St., Syracuse, N. Y.
*BALLINGALL, PETER.....	1071 Drexel Bldg., Philadelphia, Pa.
*BAYNE, ROBERT.....	32 Liberty St., New York
*BROAKER, FRANK.....	50 W. 24th St., New York
*BROWN, ROBERT R.....	100 Broadway, New York
*CAMPBELL, HUDSON.....	286 N. Broad St., Elizabeth, N. J.
*CLARKE, ANDREW A.....	68 William St., New York
*COCHOU, THEODORE, JR.....	100 Broadway, New York
*CONANT, LEONARD H.....	30 Broad St., New York
*CORWIN, HAMILTON S.....	30 Broad St., New York
*DECKER, HIRAM E.....	137 S. La Salle St., Chicago
DOUGLAS, HARRY J.....	Mills Building, San Francisco, Cal.
DREYER, RUDOLPH H.....	P. O. Box 199, San Diego, Cal.
*FERO, DEROT SMITH.....	30 Broad St., New York
GIBBS, WILLIAM E.....	Westfield, Mass.
*GIES, FRED. THEO.....	723 Majestic Bldg., Detroit, Mich.
GREET, R. DOUGLAS.....	99 Nassau St., New York
*GUNNELL, WILLIAM J.....	80 Dun Bldg., Buffalo, N. Y.
*HARCOURT, VIVIAN.....	Edificio de La Mutua, No. 522, Mexico, D. F.
*HAWKINS, NORVAL A.....	723 Majestic Bldg., Detroit, Mich.
*HERRICK, LESTER.....	Merchants' Exchange Bldg., San Francisco, Cal.
*HUTCHINSON, THOMAS G.....	Dyal-Upchurch Bldg., Jacksonville, Fla.
*JENCKES, CHARLES S.....	Industrial Trust Bldg., Providence, R. I.
*KERR, J. C.....	141 Broadway, New York
*LAFKENTZ, F. W.....	100 Broadway, New York
*LAWTON, GEORGE R.....	Box 159, Fall River, Mass.
*LEIDESDORF, S. D.....	417 Fifth Ave., New York
*LEITH, JOHN.....	29 S. La Salle St., Chicago, Ill.
*LITTLE, ALBERT E.....	141 Broadway, New York
LOBB, H. W.....	Pioneer Bank Bldg., Porterville, Cal.
*LOOMIS, J. R.....	149 Broadway, New York
*LUDLAM, CHARLES S.....	30 Broad St., New York
*McCULLOH, CHARLES S.....	55 Wall St., New York
*MCGIBBON, BROWNELL.....	44 Pearl St., New York
*MACRAE, FARQUHAR J.....	68 William St., New York
*MASON, JARVIS W.....	100 Broadway, New York
*NILES, HENRY A.....	111 Broadway, New York
*PHELPS, CHARLES D.....	143 Liberty St., New York
RAUDENBUSH, J. K.....	239 Cumberland St., Lebanon, Pa.
*ROBERTS, T. CULLEN.....	56 Pine St., New York
*ROLLO, DAVID.....	Betz Brewery, Philadelphia, Pa.
*RUCKER, R. H.....	27 Pine St., New York

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*SELLS, ELIJAH W.....	30 Broad St., New York
*SMITH, ARTHUR W.....	25 Broad St., New York
*SMITH, CHARLES B.....	45 Broadway, New York
*STEVENSON, CHARLES C.....	31 Nassau St., New York
*TEICHMAN, MAX.....	305 Equitable Bldg., Baltimore, Md.
WALTERS, CHARLES W.....	912 Real Estate Trust Bldg., Philadelphia, Pa.
*WATSON, WILLIAM A.....	9 Richards St., Brooklyn, N. Y.
*WEISS, WILLIAM F.....	170 Broadway, New York
Total, 52.	

FELLOWS AT LARGE (Elected since Jan. 10, 1905).

AUSTIN, RALPH J.....	Apartado 175, Caracas, Venezuela
AUSTIN, WILLIAM GAINES.....	8 So. Bayou St., Mobile, Ala.
BLACK, GEORGE.....	323 Worcester Bldg., Portland, Ore.
*BURLINGAME, C. M.....	1066 Bergen St., Brooklyn, N. Y.
*CANNON, THOMAS CHARLES.....	504 Hutton Bldg., Spokane, Wash.
DIX, SAMUEL M.....	55 Liberty St., New York
FISCHER, EMIL S.....	Tien-Tsin, North China
FOSTER, WILLIAM H.....	c/o Wm. Sloane & Co., Berkeley Sta., Norfolk, Va.
*GAYNOR, PHILIP B.....	165 Broadway, New York
*GUNN, J. NEWTON.....	43 Exchange Pl., New York
HALL, F. N.....	62 William St., New York
HARRIS, CHARLES G.....	Union Nat'l Bank Bldg., Louisville, Ky.
*HERINGTON, PERCY R.....	105 W. 40th St., New York
HOGG, ALFRED W. D.....	37 Maiden Lane, New York
HOLDSWORTH, H. N.....	Iowa City, Iowa
*JASPER, WILLIAM H.....	105 W. 40th St., New York
LYCHENHEIM, JOHN.....	British Club, Mexico, D. F.
*KENWORTHY, ARTHUR W.....	115 Broadway, New York
*MACLETHIE, JOHN.....	52 Broadway, New York
*MARWICK, JAMES.....	79 Wall St., New York
*NASMYTH, CHARLES J.....	69 Wall St., New York
*RICHARDS, WILLIS B.....	43 Exchange Pl., New York
ROBERTS, C. CULLEN.....	54 William St., New York
*ROSS, FREDERICK A.....	1008 Spalding Bldg., Portland, Ore.
*SCHNEIDER, HENRY.....	612 Railway Exchange Bldg., Milwaukee, Wis.
SPENCER, ENOS.....	Union Nat'l Bank Bldg., Louisville, Ky.
TURNER, THOMAS E.....	Union Nat'l Bank Bldg., Louisville, Ky.
WIGGINS, HORACE S.....	509 Bankers' Life Bldg., Lincoln, Neb.
YALDEN, PERCY A.....	32 Nassau St., New York
Total, 29.	

ASSOCIATES AT LARGE (Original).

BULL, H. J.....	964 Amsterdam Ave., New York
COADE, WILLIAM HENRY.....	60 Wall St., New York
GREACEN, ALBERT.....	30 Broad St., New York
JACOBSSON, GUSTAVE A.....	1450 Reed Pl., Chicago, Ill.
LATHAM, WILLIAM HENRY.....	Herkimer, N. Y.
MITCHELL, JOSIAH S.....	149 Broadway, New York
SANFORD, D. R.....	100 Broadway, New York
SCOVILLE, C. E.....	Bank & Loan Bldg., Watertown, N. Y.
WEISS, CLEMENS.....	Fifth Ave. and 33d St., New York
WEST, CHARLES.....	North American Bldg., Philadelphia, Pa.
Total, 10.	

ASSOCIATES AT LARGE (Elected since Jan. 10, 1905).

BOYNTON, CHARLES EVERETT.....	556 Cumberland Ave., Portland, Me.
BUSH, GEORGE E.....	129 Front St., New York

HASKINS & SELLS

Members

DOHERTY, JOHN.....	201 W. 147th St., New York
HART, PATRICK HENRY.....	1170 Broadway, New York
HOUGH, HARRY.....	55 Liberty St., New York
LONGNECKER, CLARENCE.....	Phoenix, Arizona
RARESHIDE, SHEPARD.....	30 Broad St., New York
RUSSELL, WILLIAM F.....	Bucyrus Company, So. Milwaukee, Wis.
VEAZEY, NORMAN E.....	c/o El Paso Herald, El Paso, Texas
WILSON, JAMES MOORE.....	736 University Bldg., Syracuse, N. Y.
Total, 10.	

SOCIETY MEMBERS.

The Alabama State Association of Public Accountants

Fellows:

†AUSTIN, W. G.....	8 So. Bayou St., Mobile
HUFFMAN, C. S.....	Brown-Marx Bldg., Birmingham
LEMON, G. L.....	1309 Empire Bldg., Birmingham
NEVILLE, T. S.....	First Nat'l Bank Bldg., Birmingham
RIDOUT, T. A.....	Empire Bldg., Birmingham
TODD, H. L.....	707 N. 25th St., Birmingham
Total, 6.	

Associates:

CONNER, T. U.....	Brown-Marx Bldg., Birmingham
FISHER, B. L.....	1309 Empire Bldg., Birmingham
SIMPSON, M. H.....	Brown-Marx Bldg., Birmingham
Total, 3.	

California State Society of Certified Public Accountants

Fellows:

*ATKINSON, T. T.....	Clunie Bldg., San Francisco
*BALLANTINE, W. D.....	268 Market St., San Francisco
*BASKERVILLE, CHARLES A.....	704 Auditorium Bldg., Los Angeles
*BENNETT, M. H.....	431 I. W. Hellman Bldg., Los Angeles
*BLACK, CLARENCE S.....	300 Title Insurance Bldg., Los Angeles
*BLAIKIE, W. F. G.....	Ontario, Cal.
*BLACKMAN, W. R.....	516 Hibernian Bldg., Los Angeles
*BLIGHT, REYNOLD E.....	609 Hibernian Bldg., Los Angeles
*BOURS, B. W.....	Merchants' Exchange Bldg., San Francisco
*BRACE, HERBERT M.....	Clunie Bldg., San Francisco
*BROTHERTON, R. E.....	818 Kohl Bldg., San Francisco
*BULLOCK, E. B.....	812 Paru St., Alameda
*CARRUTHERS, C. P.....	First Nat'l Bank Bldg., San Francisco
*CHAMBERLAIN, C. P.....	310 California St., San Francisco
*DECLAIRMONT, R.....	1818 Fell St., San Francisco
*COOPER, H. J.....	Kohl Bldg., San Francisco
*CORNELL, CHARLES E.....	1051 Bella Vista Ave., Oakland
*CRAMER, W. H.....	268 Market St., San Francisco
*DOLGE, WILLIAM.....	311 California St., San Francisco
*DUBBELL, P. J.....	San Bernardino
*FIELDS, J. L.....	Call Bldg., San Francisco
*FORBES, JOHN F.....	203 Crocker Bldg., San Francisco
*GOODE, P. G.....	519 California St., San Francisco
*GREENHOOD, L. H.....	Clunie Bldg., San Francisco
*HENN, W. O.....	1830 San José Ave., Alameda
*HAHN, F. F.....	431 I. W. Hellman Bldg., Los Angeles
*JANSEN, F. BROMLEY.....	Clunie Bldg., San Francisco
*JOHNSON, FREDERICK.....	Insurance Bldg., San Francisco

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*JOHNSTON, O. T.....	Y. M. C. A. Bldg., Los Angeles
*KLINK, GEORGE T.....	816 Kohl Bldg., San Francisco
*KNIGHT, ALLEN.....	502 California St., San Francisco
*LANGDON, W. G.....	c/o New York American, New York
*LAWS, HENRY.....	304 S. Lawn St., South Pasadena
*LAWSON, CHARLES H.....	First Nat'l Bank Bldg., San Francisco
*LOOMIS, ARTHUR M.....	L. A. Investment Bldg., Los Angeles
*MCCREA, R. L.....	Rialto
*MCLAREN, NORMAN.....	519 California St., San Francisco
*MACKENDRICK, WILLIAM.....	431 I. W. Hellman Bldg., Los Angeles
*MUSAUS, WILLIAM PURINTON.....	605 Fay Bldg., Los Angeles
*MUSHET, WILLIAM CRESWELL.....	512 Union League Bldg., Los Angeles
*PALETHORPE, W. J.....	627 H. W. Hellman Bldg., Los Angeles
*PROBERT, HARRY.....	627 H. W. Hellman Bldg., Los Angeles
*ROBINSON, A. P.....	Merchants' Exchange Bldg., San Francisco
*ROWE, C. V.....	268 Market St., San Francisco
*RUCKSTELL, J. R.....	Claus Spreckels Bldg., San Francisco
*SHIPLEY, E. M.....	268 Market St., San Francisco
*SMYTH, J. F. c/o C. E. Scoville, Bank and Loan Bldg., Watertown, N. Y.	
*SPENCER, EDMOND H.....	510 Bradbury Bldg., Los Angeles
*SULLY, JAMES O.....	244 California St., San Francisco
*SUTTER, ALPHONSE.....	Nevada Bank Bldg., San Francisco
*THOMAS, H. IVOR.....	830 Higgins Bldg., Los Angeles
*WALKER, JOSHUA.....	610 Geary St., San Francisco
*WEBSTER, GEORGE R.....	54 William St., New York
*WENZELBURGER, A.....	268 Market St., San Francisco
*YOUNG, DAVID.....	First Nat'l Bank Bldg., San Francisco
Total, 55.	

Associate:

*MURPHY, CHARLES.....	57 Post St., San Francisco
Total, 1.	

Honorary Member:

Hatfield, Henry Rand.....	University of California, Berkeley
Total, 1.	

The Colorado Society of Certified Public Accountants

Fellows:

*ARTHUR, EDWIN F.....	Continental Bldg., Denver
*BAKER, JOHN H.....	Exchange Nat'l Bank Bldg., Colo. Springs
*COLLINS, CLEM W.....	1230 Foster Bldg., Denver
*DEIDESHEIMER, F. W.....	P. O. Box 1571, Denver
*DITTMAN, WILLIAM E.....	First Nat'l Bank Bldg., Boulder
*FOWLIE, ALEXANDER E.....	P. O. Box 1, Leadville
*GEIJSBEEK, JOHN B.....	830 Foster Bldg., Denver
*HAMILTON, ALBERT E.....	1930 N. Bronson Ave., Hollywood, Cal.
*HAMMA, MORTON M.....	First Nat'l Bank Bldg., Denver
*HUMPHREYS, WILLIAM E.....	709 Colorado Bldg., Denver
*KERN, ETHELBERT L.....	1353 Delaware St., Denver
*KINGWILL, JOSEPH H.....	309 Ideal Bldg., Denver
*LAWRENCE, PAGE.....	830 Foster Bldg., Denver
*MANN, EMMA.....	1141 Adams St., Denver
*McMAHON, FRANCIS M.....	Mining Exchange Bldg., Colo. Springs
*MITCHELL, HORACE H.....	Hagermann Block, Colo. Springs
*MORRIS, BEN.....	1230 Foster Bldg., Denver
*PFEIFFER, EMIL W.....	State Capitol, Denver
*PITCAITHLY, WILSON L.....	1022 Foster Bldg., Denver

Members

*SCHAEFFER, S. R.	1207 First Nat'l Bank Bldg., Denver
*SPENCER, FERMOR J.	712 Continental Bldg., Denver
*STUMM, GUY C.	Idaho Springs
*VON TOBEL, JULIUS	P. O. Box 114, Leadville
*WALLACE, R. J.	1554 Emerson St., Denver
*WESTON, CHESTER G.	410 Colorado Bldg., Denver
Total, 25.	

Associates:

*HELLER, C. L.	Box 1375, Denver
*KESTER, ROY B.	1230 Foster Bldg., Denver
LONSDALE, W. RAYMOND	2275 Elm St., Denver
LOTT, GEORGE B.	1617 Steele St., Denver
TORRENCE, GERALD A.	413 First Nat'l Bank Bldg., Denver
THOMAS, REGINALD	309 Symes Bldg., Denver
WHITNEY, E. A.	2915 E. 10th St., New York
Total, 7.	

Honorary Members:

Bohn, A. V.	Leadville
*Chase, Harvey S.	84 State St., Boston, Mass.
Harper, E. R.	308 Seventeenth St., Denver
Parker, Alexis D.	Cooper Bldg., Denver
*Wilkinson, George	30 Church St., New York
Total, 5.	

The Connecticut Society of Certified Public Accountants

Fellows:

*BEERS, HARRY TREAT	1 Wall St., New York
†*BOWMAN, JOHN H.	32 Union Ave., Clifton, N. J.
*CHILD, FREDERICK W.	Greenwich
*DILLON, WILLIAM	50 Congress St., Boston, Mass.
*EGGLESTON, D. C.	343 Tecumseh Ave., Mt. Vernon, N. Y.
*ERSKINE, ALBERT R.	South Bend, Ind.
*FOSTER, HERBERT	143 Linden St., New Haven
†*GUNN, J. NEWTON	43 Exchange Pl., New York
*LOVEJOY, E. W.	55 Liberty St., New York
*MANVEL, FREDERICK C.	Greenwich
†*MARVIN, HAROLD A.	73 Tremont St., Boston, Mass.
†*NASMYTH, CHARLES J.	69 Wall St., New York
*NOLAN, L. J.	25 Pine St., New York
*PETZE, EDWARD I.	165 Broadway, New York
†*RICHARDS, WILLIS B.	41 Wall St., New York
*TAYLOR, FRANK S.	318 Main St., Springfield, Mass.
*VANNAIS, GEORGE L.	P. O. Box 269, Hartford
*WILSON, CHARLES C.	146 Fairview Ave., Bridgeport
Total, 18.	

Associates:

*AUSTIN, JOSEPH S.	Conn. Mutual Life Ins. Co., Hartford
*LONDON, WILLIAM P.	259 Capitol Ave., Hartford
*STARKWEATHER, JOHN	Ansonia, Conn.
Total, 3.	

Honorary Members:

Hill, George E.	Bridgeport
Woodruff, Rollin S.	New Haven
Total, 2.	

American Association Year-Book

Georgia Society of Certified Public Accountants.

Fellows:

- *BIDWELL, C. B.....Fourth Nat'l Bank Bldg., Atlanta
- *HUNTER, JOEL.....Empire Bldg., Atlanta
- *MARSH, R. P.....Leonard Bldg., Augusta
- *METZ, CHARLES J.....Candler Bldg., Atlanta
- *NEVILLE, CHARLES.....Savannah Bank and Trust Co. Bldg., Savannah
- *RICHARDSON, ALONZO.....Empire Bldg., Atlanta

Total, 6.

Associate:

- *FURSE, JAMES.....Savannah Bank and Trust Co. Bldg., Savannah

Total, 1.

Illinois Society of Certified Public Accountants.

Fellows:

- *ALLEN, EDWARD.....824 Monadnock Block, Chicago
- *ANDERSEN, ARTHUR E.....Cor. Lake and Dearborn Sts., Chicago
- *BACON, ALBERT T.....548 Commercial Nat'l Bank Bldg., Chicago
- *BEANS, WALTER.....Daniels & Fisher Stores Co., Denver, Colo.
- *BECK, HERBERT.....Monadnock Block, Chicago
- *BENINGTON, HAROLD.....Marquette Bldg., Chicago
- *BENTLEY, ARTHUR.....14th and Robey Sts., Chicago
- *BERGER, R. O.....134 S. La Salle St., Chicago
- *BICKETT, WILLIAM PURCELL.....111 W. Monroe St., Chicago
- *BOUGHEY, FRANK M.....900 S. Wabash Ave., Chicago
- *BOULTER, WILLIAM BOBY.....824 Monadnock Block, Chicago
- †*BROWN, JOHN H.....1344 Wells Bldg., Milwaukee
- *BUCHANAN, R. S.....115 S. La Salle St., Chicago
- *CANT, RODDAM.....824 Monadnock Block, Chicago
- *CHASE, W. A.....828 Unity Bldg., Chicago
- *COOPER, JOHN A.....38 S. Dearborn St., Chicago
- *CRAGGS, G. SOMERVILLE.....Union Trust Bldg., Winnipeg, Manitoba
- *DAVIS, CHARLES KIER.....1437 First Nat'l Bank Bldg., Chicago
- *DELLSCHAFT, C. F. A.....134 S. La Salle St., Chicago
- †*DEWAR, DOUGLAS.....1211 McArthur Bldg., Winnipeg, Manitoba
- *DICKINSON, A. LOWES.....3 Frederick's Pl., Old Jewry, London, E. C.
- *DIRKS, HERMANN J.....4042 Perry St., Chicago
- *DREVER, THOMAS.....70 W. Adams St., Chicago
- *GORE, EDWARD E.....824 Monadnock Block, Chicago
- *GRIEG, A. F. RATTRAY.....4208½ Berkeley Ave., Chicago
- *GROEBE, L. G.....First Nat'l Bank Bldg., Chicago
- *HALL, JAMES.....115 S. La Salle St., Chicago
- *HOPKINS, ARTEMAS R.....6156 Vernon Ave., Chicago
- *HOPKINS, S. R.....Mishawaka, Ind.
- *HUGHES, RUPERT S.....25 Broad St., New York
- *HUNT, S. WADE.....175 W. Jackson Blvd., Chicago
- *JACKSON, H. J.....401 Commercial Nat'l Bank Bldg., Chicago
- *JOHNSON, PAUL C.....134 S. La Salle St., Chicago
- *JONES, D. O.....824 Monadnock Block, Chicago
- *JOPLIN, J. PORTER.....122 S. Michigan Blvd., Chicago
- *KNISELY, C. W.....First Nat'l Bank Bldg., Chicago
- *KUHN, M. S.....29 S. La Salle St., Chicago
- *LAIRD, JOHN K.....17 W. Adams St., Chicago
- *LANGER, CHARLES HEINRICHS.....122 S. Michigan Blvd., Chicago
- *LECLEAR, W. M.....708 Marquette Bldg., Chicago
- †*LEITH, JOHN.....29 S. La Salle St., Chicago
- *LEVI, D. J.....122 S. Michigan Blvd., Chicago

HASKINS & SELLS

Members

†*LUDLAM, C. S.	30 Broad St., New York
*MCGREGOR, JAMES P.	69 W. Washington St., Chicago
*MCKEAND, C. A.	824 Monadnock Block, Chicago
*MACDONALD, C. A.	925 Postal Telegraph Bldg., Chicago
*MACDONALD, R. O.	824 Monadnock Block, Chicago
*MAHONY, JOHN	401 Commercial Nat'l Bank Bldg., Chicago
*MARR, C. J.	134 S. La Salle St., Chicago
†*MAY, GEORGE O.	54 William St., New York
*MENDENHALL, J.	115 S. La Salle St., Chicago
*MERRILL, C. D.	824 Monadnock Block, Chicago
*MILLS, E. M.	Otis Bldg., Chicago
*NIGG, C.	Schiller Bldg., Chicago
†*NIVEN, JOHN B.	30 Broad St., New York
*PHILLIPPS, H. G.	609 First Nat'l Bank Bldg., Chicago
*PICKETT, L. S.	People's Gas Bldg., Chicago
*REAY, WILLIAM M.	Harvester Bldg., Chicago
*RECKITT, ERNEST	708 Marquette Bldg., Chicago
*ROBERTS, FRANCIS R.	Marquette Bldg., Chicago
*ROBERTS, WILLIAM H.	1208 S. Michigan Blvd., Chicago
*ROSSETTER, G. W.	First Nat'l Bank Bldg., Chicago
*RUGG, A. W.	Police Pension Board, Chicago
*SCHELTES, S. A.	4514 Washington Blvd., Chicago
†*SCOBIE, J. C.	People's Bldg., Pittsburgh, Pa.
*SEATREE, W. ERNEST	134 S. La Salle St., Chicago
†*SELLS, ELIJAH W.	30 Broad St., New York
*SMART, ALLEN R.	824 Monadnock Block, Chicago
*SPENCE, A. PYOTT	25 Broad St., New York
*STALLINGS, A. J.	Hibernia Bank Bldg., New Orleans, La.
*STAUB, WALTER A.	Harris Trust Bldg., Chicago
†*STERRETT, J. E.	54 William St., New York
†*SUTER, FRED A.	Monadnock Block, Chicago
*THOMPSON, W. W.	30 N. La Salle St., Chicago
*TOD, A. KINNAIRD	79 Wall St., New York
*TURVILLE, GEORGE A.	Crucible Steel Co. of America, Pittsburgh, Pa.
†*VAUGHAN, A. S.	111 W. Monroe St., Chicago
*WALTON, SEYMOUR	122 S. Michigan Blvd., Chicago
†*WEBSTER, GEORGE R.	54 William St., New York
*WHITE, F. F.	49 Wall St., New York
*WHITE, PETER	Harris Trust Bldg., Chicago
*WILMOT, H. W.	129 Front St., New York
*WOOD, F. L.	134 S. La Salle St., Chicago
*YOUNG, ARTHUR	Monadnock Block, Chicago
Total, 84.	

Honorary Member:

*Wilkinson, George	30 Church St., New York
Total, 1.	

Kentucky Society of Public Accountants.

Fellows:

COMINGOR, L.	Urban Bldg., Louisville
ESCOTT, JAS. S.	716 Columbia Bldg., Louisville
HARRIS, CHAS. G.	Union Nat'l Bank Bldg., Louisville
HARRIS, HOMER F.	Union Nat'l Bank Bldg., Louisville
MELDRUM, OVERTON S.	Keller Bldg., Louisville
PARKER, W. S.	Jefferson near 5th, Louisville
PEDLEY, T. A.	Owensboro
SPENCER, ENOS	Union Nat'l Bank Bldg., Louisville

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TURNER, THOS. E.	Union Nat'l Bank Bldg., Louisville
UMMETHUN, A. HOWARD.	Union Nat'l Bank Bldg., Louisville
Total, 10.	

Associates:

BRIGHAM, F. L.	Union Nat'l Bank Bldg., Louisville
MAHON, J. C.	Keller Bldg., Louisville
RYANS, W. J.	Inter-Southern Bldg., Louisville
STOLL, EDW.	239 E. Walnut St., Louisville
WREGE, A. J.	Union Nat'l Bank Bldg., Louisville
ZUBROD, A. B.	Keller Bldg., Louisville
Total, 6.	

The Society of Louisiana Certified Public Accountants.

Fellows:

*ANGELL, LAWRENCE R.	614 Hibernia Bldg., New Orleans
*DASBIT, HENRY.	211 Camp St., New Orleans
*GOLDMAN, MYRON M.	Whitney Central Bldg., New Orleans
*HAVENER, PAUL.	622 Whitney Central Bldg., New Orleans
*HIGHTOWER, J. D.	305 S. Elm St., Greensboro, N. C.
*HOLLIDAY, H. M.	Whitney Central Bldg., New Orleans
*LLOYD, R. C.	513 Canal-La. Bank Bldg., New Orleans
*LYMAN, GUY V. W.	1011 Hibernia Bldg., New Orleans
*MIELLY, E. F.	345 Carondelet St., New Orleans
*NATHAN, G. McD.	510 Audubon Bldg., New Orleans
*ROBINSON, C. G.	622 Whitney Central Bldg., New Orleans
*SHERWOOD, P. W.	Godschaux Bldg., New Orleans
*SHERWOOD, R. D. T.	Godschaux Bldg., New Orleans
*TAYLOR, W. G.	419 Hibernia Bldg., New Orleans
*WALGREN, THEODORE.	1106 Hibernia Bldg., New Orleans
Total, 15.	

Associate:

*OVERBEY, E. H.	1109 Hibernia Bldg., New Orleans
Total, 1.	

Maryland Association of Certified Public Accountants of Baltimore City.

Fellows:

*BERRY, THOMAS L.	Fidelity Bldg., Baltimore
*BLACK, WILMER.	1208 Garrett Bldg., Baltimore
*BLACKLOCK, FRANK.	108 Law Bldg., Baltimore
*DITMAN, CHARLES R.	115 E. Lombard St., Baltimore
*DODD, ALEXANDER.	203 St. Paul St., Baltimore
*DOETSCH, ELSA.	8-10 South St., Baltimore
*EVANS, CLARENCE R.	524 South Broadway, Baltimore
*FEUSS, ANDREW C.	1004 W. Lafayette Ave., Baltimore
*FULLER, EDWARD.	Equitable Bldg., Baltimore
*GREENWAY, EUGENE.	909 Calvert Bldg., Baltimore
*HALL, CHARLES O.	711 Fidelity Bldg., Baltimore
*HATTER, ELMER L.	1031 Calvert Bldg., Baltimore
*HEHL, CHARLES L.	1031 Calvert Bldg., Baltimore
*HOOPER, FLORENCE.	8-10 South St., Baltimore
*HUNTER, ANDREW, JR.	301 American Bldg., Baltimore
*KUCHLER, JOHN.	1031 Calvert Bldg., Baltimore
*LILLEY, RALEIGH T.	663 Calvert Bldg., Baltimore
*MEYER, HERMAN F.	135 E. Baltimore St., Baltimore
*PAGE, HOWARD P.	Equitable Bldg., Baltimore

Members

*SCHNEPPE, CHARLES H., JR.	33 Franklin Bldg., Baltimore
*STARKLOFF, CARL V.	P. O. Box 132, Baltimore
†*TEICHMAN, MAX	305 Equitable Bldg., Baltimore
*TOMPKINS, JOHN A.	301 N. Charles St., Baltimore
*WOODEN, ERNEST E.	1031 Calvert Bldg., Baltimore
Total,	24.

Associates:

*HENDRIX, E. C.	c/o Baltimore Business College, Baltimore
*MORROW, ROBERT C.	1629 Edmondson Ave., Baltimore
*WAGNER, EDGAR T.	139 W. Lafayette Ave., Baltimore
Total,	3.

Honorary Members:

Boyce, Fred G.	Baltimore
Hahn, Samuel M.	Baltimore
Siegmund, C. E.	Baltimore
Total,	3.

The Certified Public Accountants of Massachusetts, Incorporated.

Fellows:

*ALBEE, AMOS D.	53 State St., Boston
*ALBEE, HERBERT H.	53 State St., Boston
*BASSET, HORACE S.	200 Devonshire St., Boston
*BISHOP, GEORGE L.	59 Temple Pl., Boston
*BOYDEN, WALTER L.	6 Beacon St., Boston
*CHANDLER, ASA E.	905 Old South Bldg., Boston
*CHASE, ARTHUR TAFT.	84 State St., Boston
*CHASE, CHARLES DYER.	31 State St., Boston
*CHASE, GEORGE S.	84 State St., Boston
*CHASE, HARVEY S.	84 State St., Boston
*COMINS, EDWARD P.	200 Devonshire St., Boston
*COOLEY, MORGAN L.	Tremont Bldg., Boston
*CRANDELL, J. CHESTER.	40 Central St., Boston
*DAVIS, HERBERT T.	40 Central St., Boston
*DOUGLAS, ROBERT.	49 Federal St., Boston
*DYSART, ROBERT J.	40 State St., Boston
*FRANCIS, JAMES P.	27 Masonic Bldg., New Bedford
*FRENCH, HERBERT F.	166 Essex St., Boston
*GLUNTS, JAMES D.	35 Congress St., Boston
*GREELEY, HENRY N.	53 State St., Boston
*HALL, JAMES W.	53 State St., Boston
*HALL, WILLIAM FRANKLIN.	53 State St., Boston
*HARPER, RICHARD L.	53 State St., Boston
*HARTSHORN, HORACE C.	67 Milk St., Boston
*HILLMAN, FREDERICK J.	Court Square Bldg., Springfield
*LEWIS, DANIEL B.	53 State St., Boston
*LOVE, HENRY D.	84 State St., Boston
*LUTHER, J. SEYMOUR.	932 Old South Bldg., Boston
*LYALL, GEORGE.	79 Milk St., Boston
*MANNIX, WILLIAM H.	134 State St., Boston
*MANSFIELD, GIDEON M.	53 State St., Boston
*MARVIN, HAROLD A.	73 Tremont St., Boston
*MASTERS, J. EDWARD.	60 State St., Boston
*MOYER, ORLANDO C.	516 Old South Bldg., Boston
*NICKERSON, AUGUSTUS.	60 Congress St., Boston
*OAKLEY, FRANCIS.	261 Broadway, New York
*PARKER, EDWARD L.	50 State St., Boston

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*PARSONS, THOMAS P.	73 Tremont St., Boston
*PHILBRICK, HAZEN P.	59 Temple Pl., Boston
*PIPER, HENRY A.	952 Old South Bldg., Boston
*PRIDE, EDWIN L.	40 Central St., Boston
*RAND, WALDRON H.	101 Milk St., Boston
*RISLEY, ARTHUR L.	6 Beacon St., Boston
*SANGER, GABRIEL.	166 Essex St., Boston
*SAWYER, HOLLIS H.	60 Congress St., Boston
*SETCHELL, MORTON E.	932 Old South Bldg., Boston
*STEELE, F. R. CARNEGIE.	131 State St., Boston
*STEWART, ANDREW.	40 State St., Boston
*STEWART, FREDERIC.	76 Atherton St., Boston
*STOREY, NEWMAN W.	59 Temple Pl., Boston
*TUTTLE, CHARLES H.	84 State St., Boston
*WELLINGTON, C. OLIVER.	50 State St., Boston
*WRIGHT, CHARLES H.	60 State St., Boston
*WRIGHT, RICHARD W.	953 Old South Bldg., Boston
*WRYE, WALTER C.	84 State St., Boston
*WYMAN, GERALD.	131 State St., Boston
Total,	56.

Associates:

ALBREE, EDWARD C.	Swampscott
BARDWELL, WALLACE E.	124 Summer St., Pittsfield
BYRNES, ARTHUR T.	53 State St., Boston
DYSART, HUGH.	40 State St., Boston
EDWARDS, TRUMAN G.	516 Old South Bldg., Boston
*HYDE, RALPH K.	60 State St., Boston
KELLOGG, CHARLES F.	35 Congress St., Boston
MANSON, GEORGE W.	6 Beacon St., Boston
WOODBIDGE, JOHN M.	457 Washington St., Newton
Total,	9.

Honorary Members:

Gay, E. F.	Cambridge
Kurtz, Charles C.	Kilburn Road, Belmont
Total,	2.

Michigan Association of Certified Public Accountants.

Fellows:

*BECK, HOWARD C.	2515 Wisconsin Ave., Washington, D. C.
†*BENNETT, R. J.	1421 Arch St., Philadelphia, Pa.
*BONTHRON, WILLIAM D.	1004 Union Trust Bldg., Detroit
*BROWN, GEORGE C.	318 Majestic Bldg., Detroit
*FLEMING, CHARLES D.	Detroit Trust Co., Detroit
*GAUSBY, HAROLD S.	167 Rose Ave., Toronto, Ontario
†*GIES, FRED T.	Majestic Bldg., Detroit
*GRIDLEY, WILLIAM D.	5 McGraw Bldg., Detroit
*HARDMAN, JAMES E.	227 Houseman Bldg., Grand Rapids
†*HAWKINS, NORVAL A.	Majestic Bldg., Detroit
*HORNER, GEORGE A.	Pontiac
*JEROME, JOHN J.	292 Pennsylvania Ave., Detroit
*LESLIE, WILLIAM	1004 Union Trust Bldg., Detroit
*PARKS, GEORGE H.	227 Houseman Bldg., Grand Rapids
*RUPLE, HARRY.	Bronson
*SMITH, DAVID.	Ford Bldg., Detroit
*SPRINGER, DURAND W.	Ann Arbor
†*SUTER, FRED A.	Monadnock Block, Chicago, Ill.
*THOMPSON, MELVILLE W.	2 Rector St., New York

Members

*TILTON, FREDERIC A.....	Security Trust Co., Detroit
*TULLY, HENRY F.....	318 Majestic Bldg., Detroit
*TURRELL, LOUIS H.....	Ford Motor Co., Detroit
*VAN OSS, A.....	54 William St., New York
*WASHBURN, WILLIAM W.....	120 Collingwood Ave., Detroit
†*WEBSTER, NORMAN E., JR.....	111 Broadway, New York
*WIXSON, FRED.....	Detroit Trust Co., Detroit
Total, 26.	

Honorary Members:

Ashley, Noble.....	Detroit
Bland, J. Edward.....	Detroit
Byrnes, Charles J.....	Ishpeming
Denby, Edwin.....	Detroit
Hart, Ray.....	Midland
Peck, Archibald J.....	Jackson
Warner, Fred M.....	Farmington
Zimmerman, H. M.....	Pontiac
Total, 8.	

Minnesota Society of Public Accountants.

Fellows:

*DOUGHERTY, RICHARD.....	Plymouth Bldg., Minneapolis
*FRAME, W. A.....	Plymouth Bldg., Minneapolis
*HINCKLEY, NATHANIEL B.....	Endicott Bldg., St. Paul
*MALCOLMSON, GEORGE H.....	89 South Tenth St., Minneapolis
*SALVESEN, EDGAR C.....	215 McKnight Bldg., Minneapolis
*STEELE, J. GORDON.....	134 S. La Salle St., Chicago, Ill.
*TEMPLE, HERBERT M.....	Germania Life Bldg., St. Paul
*WEBB, RALPH D.....	Lumber Exchange, Minneapolis
*WENDELL, FRED H.....	Metropolitan Life Bldg., Minneapolis
Total, 9.	

Associates:

ANDERSON, JULIUS J.....	Security Bank Bldg., Minneapolis
*FLEMING, H. HAMILTON..	c/o Price, Waterhouse & Co., Winnipeg, Man.
KROEGER, EMIL.....	Security Bank Bldg., Minneapolis
MACGREGOR, J. E.....	Alworth Bldg., Duluth
MATTESON, JAS S.....	Alworth Bldg., Duluth
PRATT, HENRY K.....	Alworth Bldg., Duluth
ROBINSON, W. F.....	Palace Bldg., Minneapolis
SPIES, OTTO A.....	Germania Life Bldg., St. Paul
*TAYLOR, HERBERT D.....	215 McKnight Bldg., Minneapolis
ZUEHLKE, WALTER W.....	Alworth Bldg., Duluth
Total, 10.	

Missouri Society of Certified Public Accountants.

Fellows:

*AMBROSE, H. G.....	903 Chemical Bldg., St. Louis
*BOYD, ERNEST.....	Chemical Bldg., St. Louis
†*BICKETT, WILLIAM PURCELL.....	111 W. Monroe St., Chicago, Ill.
*BOISSELIER, R. W.....	Central Nat'l Bank Bldg., St. Louis
*BRODIE, A. B.....	c/o Price, Waterhouse & Co., Montreal, Can.
*BROWN, R. C.....	Third Nat'l Bank Bldg., St. Louis
*CAMPBELL, JAS. B.....	616 Bank of Commerce Bldg., St. Louis
*CRAWFORD, L. U.....	Massachusetts Bldg., Kansas City
*CROCKETT, J. D. M.....	Grand Ave. Temple, Kansas City

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†*DICKINSON, A. LOWES.....	3 Frederick's Pl., Old Jewry, London, E. C.
*DILLON, EDWARD J.....	Grand Ave. Temple, Kansas City
†*DUNN, HOMER A.....	30 Broad St., New York
*FRASER, EDWARD.....	Commerce Bldg., Kansas City
*GREY, DAVID L.....	Third Nat'l Bank Bldg., St. Louis
*HOUSTON, A. M.....	Third Nat'l Bank Bldg., St. Louis
*KESSLER, E. G. H.....	Third Nat'l Bank Bldg., St. Louis
*KRIBBEN, BERTRAM D.....	Central Nat'l Bank Bldg., St. Louis
†*LUDLAM, CHARLES S.....	30 Broad St., New York
*MCLELLAND, D. McK.....	Jarvis Bldg., Toronto, Ontario
*MC SHANE, JOSEPH M.....	Jefferson City
*MAY, GEORGE O.....	54 William St., New York
*MENDENHALL, WILLIAM.....	Dwight Bldg., Kansas City
†*PELOUBET, L. G.....	42 Broadway, New York
†*POGSON, A. H.....	42 Broadway, New York
†*POGSON, P. W.....	42 Broadway, New York
*RODWAY, S. H.....	Third Nat'l Bank Bldg., St. Louis
†*SELLS, ELIJAH W.....	30 Broad St., New York
*SIMSON, LESLIE N.....	Third Nat'l Bank Bldg., St. Louis
*SMITH, FREDERIC A.....	Reliance Bldg., Kansas City
*STONE, JEFF. K.....	Third Nat'l Bank Bldg., St. Louis
†*TALIAFERRO, A. P.....	24 Broad St., New York
*TRADER, A. M.....	Chemical Bldg., St. Louis
*TROMANHAUSER, N. L.....	Commerce Bldg., Kansas City
*WATSON, ALBERT J.....	Commerce Bldg., Kansas City
*WESTERMAN, H. T.....	Chemical Bldg., St. Louis
*WHARTON, T. F.....	Deere Plow Co., Moline, Ill.
†*WHITE, PETER.....	Harris Trust Bldg., Chicago, Ill.
*WILL, J. A.....	Central Nat'l Bank Bldg., St. Louis
*WILSON, RICHARD A.....	Third Nat'l Bank Bldg., St. Louis
*WINTERS, CHARLES.....	Commerce Bldg., Kansas City
*WORTHINGTON, HAROLD.....	Third Nat'l Bank Bldg., St. Louis
*WRIGHT, FRANCIS A.....	American Bank Bldg., Kansas City
*WRIGHT, FRANCIS A., JR.....	American Bank Bldg., Kansas City
*YOUNG, STANLEY.....	Commerce Bldg., Kansas City
Total, 44.	

Associates:

*HENRY, FRANK R.....	2014 Morgan St., St. Louis
*RANKIN, W. W.....	Juanita Bldg., Dallas, Tex.
Total, 2.	

Honorary Member:

*Sterrett, J. E.....	54 William St., New York
Total, 1.	

Montana State Society of Public Accountants.

Fellows:

*ANDREWS, ARTHUR J.....	P. O. Box 1387, Butte
*BADGER, A. G.....	Belgrade
*BATTIN, W. F.....	P. O. Box 1387, Butte
*FINLAY, WILLIAM B.....	5 Second St., North, Great Falls
*PELOUBET, L. G.....	42 Broadway, New York
*POGSON, A. H.....	42 Broadway, New York
*POGSON, P. W.....	42 Broadway, New York
*RABAN, GEORGE.....	P. O. Box 96, Great Falls
Total, 8.	

HASKINS & SELLS

Members

Associates:

BALDWIN, WINFIELD SCOTT.....	P. O. Box 1387, Butte
CURTIS, O.....	P. O. Box 1387, Butte
PATTERSON, W. D.....	221 Cumberland St., Brooklyn, N. Y.
SQUIRE, ROBERT RICHARD.....	42 Broadway, New York
WILSON, ROBERT IVES.....	P. O. Box 1387, Butte
Total, 5.	

Honorary Members:

Duniway, Clyde A.....	Missoula
Frank, H. A.....	Butte
Kelley, C.....	Butte
Magginniss, John.....	Butte
Richardson, C. H.....	Lothrop
Total, 5.	

The Society of Certified Public Accountants of the State of New Jersey

Fellows:

*BARCLAY, WILLIAM D.....	39 Thirteenth Ave., Newark
*BEIDELMAN, WILLIAM H.....	786 Broad St., Newark
*BENTLEY, H. C.....	2 Washburn Pl., Brookline, Mass.
*BOWMAN, JOHN H.....	32 Union Ave., Clifton
*CAMP, SHERMAN P.....	68 Broad St., New York
*CHEYNE, THOMAS.....	703 E. 27th St., Paterson
†*CONANT, LEONARD H.....	24 Hollywood Ave., East Orange
*COOPER, JOHN E.....	Upper Montclair
*COUGHLAN, MARTIN A.....	5 Chapel St., Orange
*DAVIES, W. SANDERS.....	11 Broadway, New York
*DU BOIS, FRANK G.....	Union Bldg., Newark
*DUNDERDALE, FORBES.....	38 Park Row, New York
*FLINT, JOHN.....	50 Pine St., New York
*FOOTE, ELIAL T.....	132 W. 183d St., New York
*GANO, EDWIN E.....	Bound Brook
*GREENWOOD, HERBERT S.....	44 Broad St., New York
*HARTKORN, AUGUST.....	73 Madison St., Hoboken
*KENNEDY, FRANK E.....	152 Market St., Paterson
*LEWIS, JAMES M.....	522 Monroe Ave., Elizabeth
*LOMERSON, BENJ. O.....	171 Jewett Ave., Jersey City
*LORD, CLARKSON E.....	30 Broad St., New York
*MCSHEEHY, B. E.....	51 Weston Pl., Nutley
*MACNEE, R. HAMILTON.....	25 Broad St., New York
*MAGEE, HENRY C.....	Market and Third Sts., Camden
*MILLIGAN, WILLIAM A.....	566 W. 162d St., New York
*NICHOLS, IRA C.....	320 Broadway, New York
*NIELD, CHARLES F.....	11 Broadway, New York
*NIVEN, JOHN B.....	30 Broad St., New York
*OAKES, W. FOSTER.....	Roseland Ave., Essex Fells
*PABODIE, BENJ. F.....	36 Spring St., Montclair
*PATERSON, STUART H.....	1006 Park Ave., Plainfield
†*ROBERTS, THOS. CULLEN.....	1203 Garden St., Hoboken
*ROBERTS, THOMAS E. C.....	Vanderbeek Pl., Hackensack
*ROSS, HAMILTON M.....	36 Irving Pl., Passaic
*ROWORTH, DORA G.....	1002 Union Bldg., Newark
*RUARK, J. FLETCHER.....	723 Cedar Ave., Niagara Falls, N. Y.
*SAMUELSON, FRANK, JR.....	27 N. Midland Ave., Arlington
*SAWYER, WILLIAM T.....	280 N. Broad St., Elizabeth
*SMITH, JAMES JASPER.....	203 Broadway, New York

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†*SUFFERN, EDWARD L.....	149 Broadway, New York
*WOODLING, EDWIN G.....	302 Prospect St., Cranford
*WOODRUFF, FRANK H., JR.....	30 Broad St., New York
*YALE, ELMER B.....	180 Belmont Ave., Jersey City
Total, 43.	

Associates:

CABOT, SEBASTIAN.....	280 North Broad St., Elizabeth
MILLER, JOHN.....	1 Floral Ave., Elizabeth
*WRIGHT, ARTHUR.....	Ridgefield Park
Total, 3.	

New York State Society of Certified Public Accountants.

Fellows:

†*ADERER, ALEXANDER.....	225 Fifth Ave., New York City
*ALLEN, JOHN L. M.....	280 Broadway, New York City
*ANDERSON, HUGH M.....	90 Wall St., New York City
*ANYON, JAMES T.....	25 Broad St., New York City
†*ARCHER, JOHN P.....	225 Fifth Ave., New York City
*ASHDOWN, EDWARD A.....	55 Liberty St., New York City
*ATKINS, HAROLD B.....	90 West St., New York City
*BACAS, PAUL E.....	55 Liberty St., New York City
*BANKS, HOWARD M.....	150 Nassau St., New York City
*BARBER, EDGAR M.....	641 Washington St., New York City
*BELL, HERMON F.....	142 Montague St., Brooklyn
*BELSER, FRANK C.....	Third Nat'l Bank Bldg., St. Louis, Mo.
*BENDER, DANIEL H.....	369 First St., Jersey City, N. J.
*BEUKERS, LEON C.....	49 Wall St., New York City
*BICKNELL, HENRY M.....	c/o <i>New York American</i> , New York City
*BIERMANN, DIEDRICK P.....	13 Park Row, New York City
*BOTH, CHARLES.....	108 Fulton St., New York City
*BOYCE, DAVID E.....	30 Church St., New York City
*BRADLEY, ROBERT S.....	30 Broad St., New York City
*BRINKERHOFF, EDGAR D.....	84 W. Clinton Ave., Irvington, N. J.
†*BROAKER, FRANK.....	50 W. 24th St., New York City
*BROWN, RAYMOND C.....	27 Cedar St., New York City
*BRUMMER, LEON.....	277 Broadway, New York City
*BUNCKE, HENRY C.....	165 Broadway, New York City
*BYRNES, THOMAS W.....	52 Wall St., New York City
*CALVERT, JOSEPH F.....	1 Madison Ave., New York City
*CAMPBELL, WILLIAM ALFRED.....	149 Broadway, New York City
*CAVANAGH, JAMES T.....	225 Fifth Ave., New York City
*CHAMPLIN, HERVEY S.....	915 Mutual Life Bldg., Buffalo
*CHAPMAN, EDWIN N.....	71 Broadway, New York City
*CHAPMAN, RICHARD M.....	150 Nassau St., New York City
*CHILD, CHESTER P.....	31 Nassau St., New York City
*CHURCH, GEORGE H.....	55 Wall St., New York City
*CLAIR, FRANCIS R.....	55 John St., New York City
†*COCHEU, THEODORE, JR.....	100 Broadway, New York City
*COLLEY, FREDERICK G.....	30 Broad St., New York City
*COLLIER, HERBERT G.....	346 Broadway, New York City
†*CONANT, LEONARD H.....	30 Broad St., New York City
*COOK, HENRY R. M.....	59th St. and Park Ave., New York City
*COOK, HOWARD B.....	30 Broad St., New York City
*CORNWALL, ARTHUR B.....	119 Nassau St., New York City
†*CORWIN, HAMILTON S.....	30 Broad St., New York City

Members

*CRAEMER, WILLIAM.....	20 Nassau St., New York City
*CRANSTOUN, WILLIAM D.....	20 Nassau St., New York City
*CUTHBERT, ROBERT L.....	43 Exchange Pl., New York City
†*DAVIES, W. SANDERS.....	11 Broadway, New York City
*DAVIS, HENRY C.....	43 Cedar St., New York City
*DAWSON, JAMES H.....	189 Montague St., Brooklyn
*DEAN, THOMAS B.....	119 Nassau St., New York City
*DENBY, EDWIN.....	P. O. Box 1263 Edmonton, Alberta
*DENNIS, WILLIAM H.....	87 Nassau St., New York City
*DILLINGHAM, ROBERT H.....	Woolworth Bldg., New York City
*DILLMAN, ALBERT F.....	54 William St., New York City
*DOTY, ALBERT M.....	Garrett Bldg., Baltimore, Md.
*DUANE, THOMAS W.....	280 Broadway, New York City
*DUNN, HOMER A.....	30 Broad St., New York City
*DUTTON, CHARLES.....	942 Woolworth Bldg., New York City
*ECKES, PETER A.....	141 Broadway, New York City
*EDMONDS, DAVID J.....	56 Pine St., New York City
*ESQUERRÉ, PAUL-JOSEPH.....	32 Broadway, New York City
*FAIRBANKS, KENNETH.....	55 Liberty St., New York City
*FEDDE, ADOLF S.....	55 Liberty St., New York City
*FERGUSON, IRVING B.....	195 Broadway, New York City
*FERNALD, HENRY B.....	149 Broadway, New York City
†*FERO, DEROY S.....	30 Broad St., New York City
*FIRTH, JOSEPH W.....	119 Nassau St., New York City
*FISCHER, AUGUST.....	1011 Ave. A, New York City
*FISHER, LEON ORR.....	165 Broadway, New York City
*FITCH, S. G. H.....	131 State St., Boston, Mass.
*FITZ-GERALD, RICHARD.....	141 Broadway, New York City
*FORSTER, GEORGE F.....	15 Broad St., New York City
*FRASER, JOHN.....	417 Fifth Ave., New York City
*FREEMAN, HERBERT C.....	30 Broad St., New York City
*FREEMAN, WILLIAM E.....	57 Duane St., New York City
*FUCHS, CHARLES C.....	Realty Bldg., White Plains
*GAASTRA, BAUKE.....	170 Broadway, New York City
†*GAYNOR, PHILIP B.....	165 Broadway, New York City
*GIMSON, LAWRENCE K.....	82 Wall St., New York City
*GLOVER, PATRICK W. R.....	25 Broad St., New York City
*GOLDSBOROUGH, CHARLES C.....	Calumet Club, 267 Fifth Ave., New York City
*GOLDSCHMIDT, HERMANN E.....	140 Nassau St., New York City
*GOODLOE, J. S. M.....	30 Broad St., New York City
*GORDON, JOHN.....	1123 Broadway, New York City
*GOTTSBERGER, FRANCIS.....	156 Broadway, New York City
*GOUGH, EDWARD C.....	150 Nassau St., New York City
*GREELEY, HAROLD DUDLEY.....	2 Rector St., New York City
*GREENDLINGER, LEO.....	13 Astor Pl., New York City
*GREENFIELD, FREDERICK W.....	507 Fifth Ave., New York City
*GREENMAN, HOWARD.....	25 Pine St., New York City
*GRUNDMANN, OTTO A.....	52 E. 19th St., New York City
*GUNNELL, EDWARD.....	165 Broadway, New York City
†*GUNNELL, WILLIAM J.....	80 Dun Bldg., Buffalo
*HAAG, JOSEPH.....	277 Broadway, New York City
*HABERSTROH, FRED.....	43 Exchange Pl., New York City
*HARDY, WILLOUGHBY D.....	610 W. 115th St., New York City
*HARNED, FRANKLIN M.....	266 Lincoln Road, Brooklyn
*HART, HAROLD B.....	30 Broad St., New York City
*HARVEY, EDWIN, JR.....	60 Wall St., New York City
*HECHT, CHARLES.....	31 Nassau St., New York City
*HELLERSON, CHARLES E. W.....	225 Fifth Ave., New York City

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†*HERINGTON, PERCY REGINALD.....	105 W. 40th St.,	New York City
*HIPWELL, HERBERT.....	43 Exchange Pl.,	New York City
*HIRSCHFELD, ADOLF.....	29 Liberty St.,	New York City
*HOTSON, ROBERT C.....	1328 Broadway,	New York City
*HOWARD, THOMAS P.....	100 Broadway,	New York City
*HUBBARD, LOUIS S.....	56 Pine St.,	New York City
*HUDSON, PAUL H.....	60 Broadway,	New York City
*HUGHES, JAMES F.....	1 Montgomery St.,	Jersey City, N. J.
*HUNTER, ALEXANDER.....	170 Broadway,	New York City
*HURDMAN, FREDERICK H.....	20 Nassau St.,	New York City
*HYANS, EDWARD M.....	186 Fifth Ave.,	New York City
*IFFLA, GEORGE H.....	200 Fifth Ave.,	New York City
*IMMKE, HENRY W.....	128 W. 80th St.,	New York City
*IVES, RAYMOND.....	55 Liberty St.,	New York City
*JACOBSON, CHARLES.....	74 Broadway,	New York City
†*JASPER, WILLIAM H.....	105 W. 40th St.,	New York City
*JOHNSON, WILLIAM B.....	43 Cedar St.,	New York City
*JUDD, ORRIN R.....	119 Nassau St.,	New York City
*KADISON, LOUIS.....	35 Nassau St.,	New York City
*KARMEL, ABRAHAM.....	165 Broadway,	New York City
*KESSELMAN, ROBERT D.....	32 Broadway,	New York City
*KETCHUM, NELSON V.....	31 Nassau St.,	New York City
*KLaw, AARON M.....	27 Cedar St.,	New York City
*KLEIN, JOSEPH J.....	45 W. 34th St.,	New York City
*KOEHLER, THEODORE.....	1135 Broadway,	New York City
*KOCH, JOHN H.....	55 Liberty St.,	New York City
†*KUHN, MORRIS S.....	27 Cedar St.,	New York City
†*LAFRENTZ, FERD. W.....	100 Broadway,	New York City
†*LEIDESDORF, SAMUEL D.....	417 Fifth Ave.,	New York City
*LINGLEY, RICHARD T.....	527 Fifth Ave.,	New York City
*LINK, CHARLES C.....	Waldorf-Astoria,	New York City
*LITTLE, WILLIAM P.....	15 Broad St.,	New York City
*LOEWENWARTER, PAUL L.....	1 Madison Ave.,	New York City
†*LOOMIS, JOHN R.....	149 Broadway,	New York City
*LOVIBOND, ARTHUR M.....	149 Broadway,	New York City
*LUBIN, LOUIS.....	31 Liberty St.,	New York City
*LUDEWIG, HERMANN E.....	46 W. 24th St.,	New York City
†*LUDLAM, CHARLES S.....	30 Broad St.,	New York City
*McCLEMENT, JOHN H.....	135 Broadway,	New York City
†*McCULLOH, CHARLES S.....	55 Wall St.,	New York City
*McHEFFEY, T. LEONARD.....	165 Broadway,	New York City
*McKENNA, JAMES A.....	55 John St.,	New York City
*McWHORTER, CHARLES F.....	Woolworth Bldg.,	New York City
*MAASS, HERMAN C.....	52 Broadway,	New York City
*MACINNES, DUNCAN.....	280 Broadway,	New York City
*MACNEILLE, WALTER C.....	54 William St.,	New York City
†*MACRAE, FARQUHAR J.....	68 William St.,	New York City
*MACKENZIE, CHARLES A.....	Wilcox Bldg.,	Portland, Ore.
*MADDEN, JOHN T.....	32 Waverly Pl.,	New York City
*MAKAY, ALEXANDER F.....	156 Broadway,	New York City
†*MANVEL, FREDERICK C.....	66 Broadway,	New York City
*MAPES, LESTER D.....	290 Broadway,	New York City
*MARSHALL, FREDERICK.....	27 William St.,	New York City
†*MASON, JARVIS W.....	100 Broadway,	New York City
*MENDES, HENRY E.....	30 Broad St.,	New York City
*MEYER, HENRY.....	225 Fifth Ave.,	New York City
*MEYER, MAX.....	66 Broadway,	New York City
*MITCHELL, SIMPSON R.....	79 Wall St.,	New York City

Members

*MOORE, ALBERT S.	309 Broadway, New York City
*MORRIS, CHARLES E.	30 Broad St., New York City
*MORSE, PERLEY	43 Exchange Pl., New York City
*MOULL, JOHN	P. O. Box 745, New York City
*MOYER, MELBOURNE S.	277 Broadway, New York City
*MULLER, MARCUS A.	2 Rector St., New York City
*MYER, GEORGE W., JR.	7 E. 42nd St., New York City
*NEVILLE, FRANCIS D.	Lindenhurst, L. I.
*NICHOLSON, FREDERICK T.	52 Broadway, New York City
*NICHOLSON, J. LEE	346 Broadway, New York City
*NICKLAS, CHARLES AUBREY	6 Church St., New York City
*NILES, CHARLES E.	111 Broadway, New York City
†*NILES, HENRY A.	111 Broadway, New York City
†*NIVEN, JOHN B.	30 Broad St., New York City
*OWEN, EDWARD	60 Wall St., New York City
*PACE, HOMER S.	50 Church St., New York City
*PANGBORN, WARREL S.	66 Broadway, New York City
*PARK, JAMES	149 Broadway, New York City
*PATTERSON, EDWARD C.	141 Broadway, New York City
*PATTERSON, SAMUEL D.	141 Broadway, New York City
*PERRINE, LEROY L.	30 Broad St., New York City
*PERRY, CHARLES W.	165 Broadway, New York City
†*PHELPS, CHARLES D.	143 Liberty St., New York City
*POTTER, ARTHUR G.	149 Broadway, New York City
*POWELSON, JOHN A.	30 Broad St., New York City
*POWERS, LORIN CHARLES	146 City Hall, Philadelphia, Pa.
*PROBERT, EDWIN	320 Broadway, New York City
*QUERY, CHARLES R.	1 Madison Ave., New York City
*REEVE, FREDERICK E.	27 William St., New York City
*RICHARDSON, FRANKLIN W.	346 Broadway, New York City
*RIGBY, PERCY B.	109 W. 28th St., New York City
†*ROBERTS, THOMAS CULLEN	56 Pine St., New York City
*ROSE, ALFRED	56 Pine St., New York City
†*RUCKER, ROBERT H.	27 Pine St., New York City
*SACHS, DANIEL	848 Greene Ave., Brooklyn
*SAPER, J. ELBERT	35 Nassau St., New York City
*SARGENT, SIDNEY E.	41 Park Row, New York City
*SCHNACKENBERG, JOHN H.	32 Broadway, New York City
*SCOVELL, CLINTON H.	40 Central St., Boston, Mass.
*SCUDDER, LAWRENCE WILLIAMS	55 Wall St., New York City
*SEARLE, HARRY F.	52 Broadway, New York City
†*SELLS, ELIJAH W.	30 Broad St., New York City
*SHEARMAN, WESTON J.	576 Fifth Ave., New York City
†*SIMSON, LESLIE N.	Third Nat'l Bank Bldg., St. Louis, Mo.
*SINCLAIR, ARTHUR B.	15 Wall St., New York City
*SMITH, HARRY M.	31 Nassau St., New York City
*SONDERLING, SAMUEL J.	16 William St., New York City
*SPARROW, JOHN R.	60 Wall St., New York City
*SPRATLIN, A. T.	131 State St., Boston, Mass.
*SQUIRES, FREDERICK W.	25 Broad St., New York City
*STARK, DANA F.	Livingston Bldg., Rochester
*STEELE, LEWIS R.	99 Nassau St., New York City
*STERN, ALFRED J.	346 Broadway, New York City
*STEVENS, ELMER O.	Lock Box 444, Shenandoah, Iowa
*STONE, EDMUND N.	15 Maiden Lane, New York City
*STRUSS, W. J.	93 Nassau St., New York City
*SUFFERN, EDWARD L.	149 Broadway, New York City
*SUFFERN, ERNEST S.	149 Broadway, New York City

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*TATE, DANIEL C.....	66	Broadway, New York City
*TEELE, ARTHUR W.....	30	Broad St., New York City
*THORNTON, FRANK W.....	54	William St., New York City
*TINSLEY, ALEXANDER L.....	10	South St., Baltimore, Md.
*TINSLEY, RICHARD P.....	26	Broadway, New York City
*TOWNSEND, FREDERICK C.....	55	Liberty St., New York City
*TREIBER, FREDERICK A.....	277	Broadway, New York City
*ULBRICHT, RICHARD E.....		Banco Nat'l de Cuba, Havana, Cuba
*VAUGHAN, ARTHUR S.....	30	Broad St., New York City
*VEYSEY, WALTER H. P.....	32	Nassau St., New York City
*WADE, E. B.....	115	Broadway, New York City
†*WATSON, WILLIAM A.....	9	Richards St., Brooklyn
*WEBSTER, NORMAN E., JR.....	111	Broadway, New York City
†*WEISS, WILLIAM F.....	170	Broadway, New York City
*WEST, WILLIAM H.....	50	Pine St., New York City
*WHITE, JAMES F.....	27	William St., New York City
*WHITTLESEY, WILLIS S.....	7	E. 42nd St., New York City
*WICKS, ALFRED H.....	302	Broadway, New York City
*WIEGAND, PETER C.....	223	Spring St., New York City
*WILDMAN, JOHN R.....	32	Waverly Pl., New York City
*WILKINSON, GEORGE.....	30	Church St., New York City
*WILLIAMS, CYRUS.....	31	Nassau St., New York City
*WILMOTT, ARTHUR.....	100	Broadway, New York City
*WINANS, DEKAY.....	949	Broadway, New York City
*WOHNSIEDLER, JOHN.....	17	Battery Pl., New York City
*WOLFF, ARTHUR.....	1	Madison Ave., New York City
*WOOD, J. FREDERICK E.....	95	William St., New York City
*WYMAN, JOSEPH G.....	60	Wall St., New York City
*YOUNG, ALBERT E. JR.....	55	Liberty St., New York City
Total, 245.		

Associates:

BECK, WILLIAM C.....	20	Vesey St., New York City
BREYER, EDWIN W.....	901	American Trust Bldg., Cleveland, O.
DOUGLASS, WILLIAM W.....	170	Broadway, New York City
GREENSPAN, AARON.....	280	Broadway, New York City
HAIGHT, HARRY H.....	50	Church St., New York City
HOWLAND, GEORGE W.....	366	Fifth Ave., New York City
LEVINE, HYMAN B.....	14	Wooster St., New York City
MCALLISTER, EDWARD A.....	518	Seventeenth St., Brooklyn
MCCLAUGHLIN, GEORGE V.....	60	Broadway, New York City
MEHL, JOSEPH J.....	52	Broadway, New York City
PHILLIPSON, BENNO.....	21	White St., New York City
PITTLUCK, CHARLES H.....	722	Forest Ave. East, Detroit, Mich.
ROHRBACH, JOHN F. D.....	346	Broadway, New York City
SCHOENLANK, SIDNEY C.....	1129	Lefferts Ave., Richmond Hill, L. I.
Total, 14.		

Honorary Members:

Johnson, Joseph French.....	32	Waverly Pl., New York City
*Little, Stephen.....	141	Broadway, New York City
Total, 2.		

Ohio Society of Certified Public Accountants.

Fellows:

*BOOKWALTER, R. C.....	719	Citizens' Bldg., Cleveland
*BOWMAN, ARCHIBALD.....	79	Wall St., New York
*BREWSTER, FRANK.....	1333	E. 110th St., Cleveland

Members

*CASE, CHARLES H.	American Trust Bldg., Cleveland
*CLARK, THOMAS R.	49 Wall St., New York
*COVERT, CHARLES A.	710 Hayden Bldg., Columbus
*COY, W. A.	707 New England Bldg., Cleveland
*CUTHBERT, H. T.	First Nat'l Bank Bldg., Douglas, Arizona
†*CUTHBERT, R. L.	43 Exchange Pl., New York
*DEAVER, WILLIAM	27 N. Monroe St., Columbus
*DEWAR, DOUGLAS	1211 McArthur Bldg., Winnipeg, Manitoba
*DOOLITTLE, T. C.	4215 Carnegie Ave., Cleveland
†*DUNN, HOMER A.	30 Broad St., New York
*ELDER, DAVID	64 Wall St., New York
†*ELLIOTT, EDWARD S.	Memphis Trust Bldg., Memphis, Tenn.
*ERNST, A. C.	Schofield Bldg., Cleveland
*ERNST, T. C.	Schofield Bldg., Cleveland
*FRANKLIN, BENJ., JR.	115 S. 4th St., Minneapolis, Minn.
*GANO, C. A.	401 Bell Block, Cincinnati
†*GOODLOE, J. S. M.	30 Broad St., New York
†*HALL, JAMES	115 La Salle St., Chicago, Ill.
†*HARCOURT, VIVIAN	522 Edificio de La Mutua, Mexico, D. F.
†*HAWKINS, N. A.	Majestic Bldg., Detroit, Mich.
*HILLMAN, H. P. L.	125 Lawton Ave., Toronto, Canada
*KAUFFMAN, J. H.	Central Savings Bank Bldg., Canton
*KELLER, H. A.	Hayden Bldg., Columbus
*KENNEDY, GUY H.	Traction Bldg., Cincinnati
*KERR, DAVID S.	46 Arlington Ave., Westmount, Montreal, Can.
*LAMB, GEO. R.	First Nat'l Bank Bldg., Cincinnati
*LANGDON, W. E.	Harrison Bldg., Columbus
*LEEMING, HAROLD F.	30 Broad St., New York
†*LUDLAM, CHARLES S.	30 Broad St., New York
*MCINTOSH, R. J.	Second Nat'l Bank Bldg., Toledo
*MCKNIGHT, J. J.	Hayden Bldg., Columbus
†*MACKENZIE, W. R.	Wilcox Bldg., Portland, Ore.
*MACPHERSON, F. H.	Union Trust Bldg., Detroit, Mich.
*MILLER, J. ALBERT	Union Central Bldg., Cincinnati
*MORRIS, D. C.	827 Williamson Bldg., Cleveland
*NAU, CARL H.	American Trust Bldg., Cleveland
*PAGE, FREDERICK P.	49 Wall St., New York
*RITCHIE, ALFRED A.	25 Broad St., New York
*RUSK, STEPHEN G.	American Trust Bldg., Cleveland
†*SELLS, ELIJAH W.	30 Broad St., New York
*SHAFFER, T. J.	221 Sixteenth Ave., Columbus
†*SMART, ALLEN R.	Monadnock Block, Chicago, Ill.
†*SMITH, WILLIAM A.	Memphis Trust Bldg., Memphis, Tenn.
†*STEELE, F. R. CARNEGIE	131 State St., Boston, Mass.
*STERRETT, J. E.	54 William St., New York
†*SUFFERN, ERNEST S.	149 Broadway, New York
*SWEARINGEN, CHARLES L.	2195 East 93rd St., Cleveland
*TAYLOR, W. J.	2093 East 100th St., Cleveland
†*TEELE, ARTHUR W.	30 Broad St., New York
†*TEMPLE, HERBERT M.	Germania Life Bldg., St. Paul, Minn.
*THOMAS, E. S.	Union Trust Bldg., Cincinnati
*THROSSELL, FRED W.	Citizens' Bldg., Cleveland
*WATSON, FRED	Union Trust Bldg., Cincinnati
†*WHITE, F. F.	49 Wall St., New York
†*WILMOTT, ARTHUR	100 Broadway, New York
*WRIGHT, JAMES	64 Wall St., New York
*WRIGHT, JOHN E.	Fourth Nat'l Bank Bldg., Cincinnati
Total, 60.	

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Associates:

BLYTH, L. W.	1220 Schofield Bldg., Cleveland
STUART, H. O. G.	76 Madison Ave., New York
Total, 2.	

Honorary Members:

Ellis, Wade H.	Washington, D. C.
Firestone, Clinton D.	Columbus
Foote, Allen Ripley.	Columbus
Foraker, Joseph B.	Cincinnati
Harmon, Judson.	Cincinnati
Harris, Andrew L.	Eaton
Herrick, Myron T.	Cleveland
Total, 7.	

Oregon State Society of Certified Public Accountants.

Fellows:

*BERRIDGE, ARTHUR.	324 Worcester Bldg., Portland
*BARKER, SYDNEY S.	Couch Bldg., Portland
*COLLIS, E. H.	324 Worcester Bldg., Portland
*FERGUSON, J. W.	State House, Salem
*MACKENZIE, W. R.	Wilcox Bldg., Portland
*MOSER, H. A.	815 Wilcox Bldg., Portland
*RAE, A. C.	702 Yeon Bldg., Portland
*RICHARDSON, J. Y.	502 Court House, Portland
*RIDOUT, GEORGE.	166 Tenth St., Marshfield
*THOMPSON, L. E.	324 Worcester Bldg., Portland
*WHITCOMB, W. D.	Commercial Club Bldg., Portland
*WHITFIELD, WILLIAM.	Commercial Club Bldg., Portland
Total, 12.	

Pennsylvania Institute of Certified Public Accountants.

Fellows:

*BATES, STOCKTON.	211 Bulletin Bldg., Philadelphia
*BENNETT, R. J.	1421 Arch St., Philadelphia
*BIRD, THEODORE H.	Land Title Bldg., Philadelphia
*BORDEN, GEORGE W.	832 Land Title Bldg., Philadelphia
*BOYD, HENRY T.	925 Chestnut St., Philadelphia
*BROWN, LAWRENCE E.	1612 Real Estate Trust Bldg., Philadelphia
*BURNS, JAMES J.	573 Bourse Bldg., Philadelphia
*CANNON, P. W.	222 S. Third St., Philadelphia
*CARLSON, JOHN L.	Land Title Bldg., Philadelphia
*CARSON, C. C.	717 Walnut St., Philadelphia
*CRANCH, RAYMOND G.	Land Title Bldg., Philadelphia
*CROWTHER, ERNEST.	Commonwealth Bldg., Pittsburgh
*DALE, ERNEST H.	907 Betz Bldg., Philadelphia
*DICKINSON, A. LOWES.	3 Frederick's Pl., Old Jewry, London, E. C.
*FERNLEY, JAMES WHITAKER.	907 Betz Bldg., Philadelphia
*FLINT, WILLIAM, JR.	402 North American Bldg., Philadelphia
*GERDAU, HERMAN.	Land Title Bldg., Philadelphia
*GRIFFITH, HORACE P.	473 Bourse Bldg., Philadelphia
*HAYES, HYLAND B.	140 S. 4th St., Philadelphia
*HERR, JOHN P.	1019 Land Title Bldg., Philadelphia
*HEVERLE, RICHARD L.	832 Real Estate Trust Bldg., Philadelphia
*HILL, J. GORDON.	717 Walnut St., Philadelphia
*HILLER, AUGUST.	707 Fulton Bldg., Pittsburgh
*HOLTZMAN, ROBERT M.	1914 Wallace St., Philadelphia

BASKINS & SELLS

Members

*HOOD, JOHN, JR.	1209	Morris Bldg., Philadelphia
*JOHNSTON, D. VINCENT	1612	Real Estate Trust Bldg., Philadelphia
*KENNEDY, R. E.	929	Chestnut St., Philadelphia
*KIMBALL, GARDNER W.	1202	Real Estate Trust Bldg., Philadelphia
*KLEIN, WILLIAM G.	832	Land Title Bldg., Philadelphia
*LAWTON, WILLARD H.	1307	Real Estate Trust Bldg., Philadelphia
*LEWER, CHARLES	411	Walnut St., Philadelphia
*LINVILL, WALKER E.	832	Land Title Bldg., Philadelphia
*LYBRAND, WILLIAM M.	55	Liberty St., New York
*LYNN, JOHN R.	925	Chestnut St., Philadelphia
*LYNNE, WILLIAM SAREL		Union Bank Bldg., Pittsburgh
*MCDOWELL, WILLIAM T.	907	Betz Bldg., Philadelphia
*MCMENAMIN, NEAL	832	Land Title Bldg., Philadelphia
†*MAGEE, HENRY C.		Third and Market Sts., Camden, N. J.
*MAIN, FRANK WILBUR		Farmer's Bank Bldg., Pittsburgh
*MAIN, WILLIAM R.		P. O. Box 382, Harrisburg
*MANSLEY, R. H.	925	Chestnut St., Philadelphia
*MILLER, W. HARRY	1314	Commonwealth Bldg., Philadelphia
*MONTELIUS, W. E.	540	Drexel Bldg., Philadelphia
*MONTGOMERY, ROBERT H.	55	Liberty St., New York
*MOXEY, EDWARD P.	1202	Real Estate Trust Bldg., Philadelphia
*MOXEY, EDWARD P., JR.	1202	Real Estate Trust Bldg., Philadelphia
*NEVIUS, ROGER K.	911	Real Estate Trust Bldg., Philadelphia
*PUGH, JOSEPH M.		Morris Bldg., Philadelphia
*RORER, WILLIAM W.	907	Betz Bldg., Philadelphia
*ROSS, ADAM A., JR.		Morris Bldg., Philadelphia
*ROSS, T. EDWARD		Morris Bldg., Philadelphia
*SCOBIE, J. C.		People's Bldg., Pittsburgh
*SELLERS, ALFRED L.	420	Mutual Life Bldg., Philadelphia
†*SELLS, ELIJAH W.	30	Broad St., New York
*SHARP, ALBRA WADLEIGH	1209	Morris Bldg., Philadelphia
*SPAULDING, EDWARD C.	2107	N. Washington Ave., Scranton
*SPEAKMAN, FRANK M.	573	Bourse Bldg., Philadelphia
*STAUB, E. ELMER	1715	Union Bank Bldg., Pittsburgh
†*STAUB, WALTER A.		Harris Trust Bldg., Chicago, Ill.
*STEENSON, JOHN F.	1118	S. 6th St., Philadelphia
*STERRETT, J. E.	54	William St., New York
*STERRETT, W. W.	925	Chestnut St., Philadelphia
*STINGER, J. D.	1612	Real Estate Trust Bldg., Philadelphia
*STOCKWELL, HERBERT G.	832	Land Title Bldg., Philadelphia
*TODD, CHARLES W.	703	Real Estate Trust Bldg., Philadelphia
*VOLLUM, ROBERT B.	907	Betz Building, Philadelphia
*WEISSINGER, CHARLES		Bulletin Bldg., Philadelphia
†*WILKINSON, GEORGE	30	Church St., New York
*WILLIAMS, H. D.	54	William St., New York
*WILSON, WILLIAM JEFFERS	832	Land Title Bldg., Philadelphia
*WITHERUP, WILLIAM	1934	N. 17th St., Philadelphia
*WUNDERLICH, E. O.	907	Betz Bldg., Philadelphia

Total, 72.

Honorary Members:

*Rebbeck, Francis J.		Pittsburgh
*Vaughan, John	20	Lincoln Ave., Binghamton, N. Y.

Total, 2.

The Rhode Island Society of Certified Public Accountants.

Fellows:

*BARNEY, FREDERICK W.	55	Irving Ave., Providence
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American Association Year-Book

*CARPENTER, HAMILTON L.....	Industrial Trust Bldg., Providence
*GROSSMAN, CHARLES.....	723 Grosvenor Bldg., Providence
*HUBBARD, ADIN S.....	419 Grosvenor Bldg., Providence
†*JENCKES, CHARLES S.....	Industrial Trust Bldg., Providence
†*LAWTON, GEORGE R.....	Box 159, Fall River, Mass.
*SHERMAN, W. B.....	357 Westminster St., Providence
Total, 7.	

Tennessee Society of Public Accountants.

Fellows:

*ANDREWS, THOS. A.....	210 N. Liberty St., Jackson
*BRIGHT, ROBERT L.....	616 Falls Bldg., Memphis
*CARTER, M. ORION.....	310 Memphis Trust Bldg., Memphis
*CLARK, GEORGE MILTON.....	317 James Bldg., Chattanooga
*CURTIS, J. ROY.....	195 Madison Ave., Memphis
*ELLIOTT, EDWARD S.....	310 Memphis Trust Bldg., Memphis
*EWING, OTIS R.....	719 Central Bank Bldg., Memphis
*FISHER, ALLEN B.....	410 Stahlman Bldg., Nashville
*GAERTNER, MAX C. H.....	418 James Bldg., Chattanooga
*HARSH, HARRY L.....	310 Memphis Trust Bldg., Memphis
*HULL, ANDREW S.....	1101 Tennessee Trust Bldg., Memphis
*IVY, FRED E.....	310 Memphis Trust Bldg., Memphis
*JACKSON, WILLIAM H.....	41 Porter Bldg., Memphis
*JAY, HARRY M.....	1308 Memphis Trust Bldg., Memphis
*JONES, HOMER K.....	616 Falls Bldg., Memphis
*JONES, IRA P.....	420 Deaderick St., Nashville
*JONES, ROBERT HALE.....	616 Falls Bldg., Memphis
*LEATHEM, ERNEST F.....	710 Goodwyn Institute, Memphis
*MASON, HENRY E. U. F.....	616 Falls Bldg., Memphis
*METZ, J. GEORGE.....	1308 Memphis Trust Bldg., Memphis
*PARKS, JOHN GREGORY.....	616 Falls Bldg., Memphis
*QUIGLEY, JAMES D.....	1124 Argyle Ave., Memphis
*SHANNON, CHARLES R.....	719 Central Bank Bldg., Memphis
*SMITH, WILLIAM A.....	310 Memphis Trust Bldg., Memphis
†*STONE, JEFF K.....	Third Nat'l Bank Bldg., St. Louis, Mo.
*SLAYDEN, WILLIAM C.....	52 Vanderbilt Bldg., Nashville
*WATSON, WILLIAM T.....	1360 Goodbar Ave., Memphis
Total, 27.	

Associate:

LORD, J. DOUGLAS.....	1308 Memphis Trust Bldg., Memphis
Total, 1.	

The Texas Society of Public Accountants.

Fellows:

AIKMAN, WILLIAM M.....	Moore Bldg., San Antonio
BIRD, G. H.....	Juanita Bldg., Dallas
*BRIDEWELL, C. F.....	24 Silbert Bldg., Beaumont
BYERS, CHARLES.....	North Texas Bldg., Dallas
CHRISTIE, GEORGE R.....	1910 Smith St., Houston
DOUGLAS, MARION.....	Security Bldg., Galveston
GORDON, H. E.....	806 Wilson Bldg., Dallas
HART, ALEXANDER A.....	First Nat'l Bank Bldg., Houston
HURST, J. W.....	Juanita Bldg., Dallas
HUTCHINSON, JOSEPH E.....	Prætorian Bldg., Dallas
KIDD, GEORGE, JR.....	Carter Bldg., Houston
LAURRAINE, W. V.....	Union Nat'l Bank Bldg., Houston
LONGNECKER, CLARENCE.....	Phoenix, Ariz.

Members

MORGAN, C. G.	Southwestern Life Bldg., Dallas
MORGAN, C. G., JR.	Southwestern Life Bldg., Dallas
MORRIS, MILTON	605 W. Nineteenth St., Austin
PETER, W. P.	Prætorian Bldg., Dallas
POTTER, P. B.	Scarborough Bldg., Austin
RABORN, B. L.	Gunther Bldg., San Antonio
RICHARDSON, C. A.	209 Alexander Bldg., Beaumont
ROBERTSON, H. V.	Amarillo Nat'l Bank Bldg., Amarillo
SCHOOLAR, C. H.	Juanita Bldg., Dallas
THURSTON, T. A.	City Nat'l Bank Bldg., El Paso
Total,	23.

Associates:

GIRAUD, S. A.	323 Chronicle Bldg., Houston
HUTCHINSON, J. E., JR.	Prætorian Bldg., Dallas
McKEEVER, D. A.	806 Wilson Bldg., Dallas
MOSS, ALBERT G.	904 Prætorian Bldg., Dallas
PHINNEY, J. A.	Box 279, Fort Worth
SCALES, CHARLES E.	1000 Lipscomb St., Fort Worth
Total,	6.

Virginia Society of Public Accountants, Incorporated.

Fellows:

*APITZ, JOHN WILLIAM	626 Seaboard Bank Bldg., Norfolk
*BARBER, E. A., JR.	215 Mutual Bldg., Richmond
*BATES, J. E.	707 Washington Loan and Trust Bldg., Washington, D. C.
*BOUDAR, HENRY B.	1806 Park Ave., Richmond
*BOUDAR, THOMAS	1806 Park Ave., Richmond
*EVANS, W. MCK.	Times-Dispatch Bldg., Richmond
*HARE, THOMAS UPSHUR	210 Withers Bldg., Norfolk
*HENDERSON, A. T.	222 Lynch Bldg., Lynchburg
*HILTON, W. P.	407 Law Bldg., Norfolk
*LEITCH, E. AUSTIN	2216 Hanover Ave., Richmond
*MAHON, GEORGE	50 Ninth St., Lynchburg, Va.
*PULLEN, A. M.	903 Travelers Bldg., Richmond
*RAWLINGS, A. LEE	407 Law Bldg., Norfolk
*ROBERTSON, P. W.	729 Fifteenth St., N. W., Washington, D. C.
*TOLLETH, WILLIAM ROBERTSON	Bank of Commerce Bldg., Norfolk
*TUFTS, ORRIE HANCOCK	Cardinal
*WHITEHURST, GEORGE L.	220 Church St., Norfolk
*WILSON, GEORGE B.	903 Travelers Bldg., Richmond
Total,	18.

Associates:

DEIERHOI, HANS, JR.	903 Travelers Bldg., Richmond
HUDNALL, C. F.	909 Travelers Bldg., Richmond
JACOBS, E. B.	308 First Nat'l Bank Bldg., Roanoke
*PARRISH, J. A. D.	Box 247, Portsmouth
Total,	4.

Honorary Members:

Chandler, J. A. C.	Richmond
Craddock, John W.	Lynchburg
Gammon, A. S. J.	Norfolk
Lesner, John A.	Norfolk
Mann, William Hodges	Richmond
Stebbins, Joseph, Jr.	So. Boston
Total,	6.

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Washington Society of Certified Public Accountants.

Fellows:

*BUTLER, W. E.	326 Leary Bldg., Seattle
†*DICKINSON, A. LOWES.	3 Frederick's Pl., Old Jewry, London, E. C.
*JONES, ARTHUR F.	c/o Marwick, Mitchell, Peat & Co., Spokane
*MCADAM, WILLIAM.	224 Central Bldg., Seattle
*MOORHOUSE, ELI.	1005 White Bldg., Seattle
*POST, H. E.	Perkins Bldg., Tacoma
*QUIGLEY, A. J.	White Bldg., Seattle
*ROBERTSON, J. P.	1005 White Bldg., Seattle
*SHORROCK, E. G.	224 Central Bldg., Seattle
*SMITH, HERBERT E.	1005 White Bldg., Seattle
*WHITE, R. D.	1136 Henry Bldg., Seattle
*WILLIAMS, C. M.	325 New York Block, Seattle
Total,	12.

Associates:

*BARNES, A. W.	Navy Yard, Puget Sound, Bremerton
*SIMPSON, J. S.	Public Service Commission, Olympia
Total,	2.

Wisconsin Association of Public Accountants.

Fellows:

BARRY, SHEPARD E.	135 Grand Ave., Milwaukee
*BROWN, JOHN H.	1344 Wells Bldg., Milwaukee
CHERRY, GLADSTONE.	633 Wells Bldg., Milwaukee
COLE, WESLEY T.	50 State St., Oshkosh
FRICKE, WILLIAM A.	511 Fourth St., Wausau
†*GROEBE, L. G.	First Nat'l Bank Bldg., Chicago, Ill.
JOHNSON, GEORGE P.	50 State St., Oshkosh
POWERS, ST. JOHN.	50 State St., Oshkosh
†*SCHNEIDER, HENRY.	612 Railway Exchange Bldg., Milwaukee
SMITH, C. I.	McCartney Bank Bldg., Green Bay
SUTHERLAND, WILLIAM.	633 Wells Bldg., Milwaukee
WEIL, SAMUEL S.	612 Railway Exchange Bldg., Milwaukee
†*YOUNG, ARTHUR.	Monadnock Block, Chicago, Ill.
Total,	13.

Honorary Members:

Burchell, D. Earle.	Madison
Commins, John R.	Madison
Duffy, C. Nesbit.	Milwaukee
Gilman, Stephen W.	Madison
Glicksman, Nathan.	Milwaukee
Scott, W. A.	Madison
Spencer, Robert C.	Milwaukee
Total,	7.

HONORARY MEMBERS OF THE ASSOCIATION.

Johnson, Joseph French.	New York
Kinley, David.	Illinois
Meade, E. S.	Pennsylvania
Total,	3.

Members

RECORD OF MEMBERSHIP in The American Association of Public Accountants. 1896-1913.

Years.	Fellows.	Associates.	Societies, Honorary.	Association, Honorary.	Total.
1896	63	12	..	..	75
1897	75	14	..	..	89
1898	65	11	..	..	76
1899	67	13	..	..	80
1900	74	18	..	..	92
1901	87	25	..	..	112
1902	97	32	..	..	129
1903	103	37	..	..	140
1904	121	27	..	..	148
1905	494	93	..	..	587
1906	541	120	..	..	661
1907	573	124	..	3	700
1908	645	122	32	3	802
1909	724	107	39	3	873
1910	841	105	46	3	995
1911	949	95	46	3	1093
1912	974	104	49	3	1130
1913	999	103	52	3	1157

TOTAL MEMBERSHIP

The total membership of the Association is as follows :

	Fellows.	Society Fellows who vote as Fellows-at-Large or through another Society.	Associates.	Honorary Members of State Societies.	Total.
Fellows at Large, Original.....	52	.....	.....	.....	52
Fellows at Large, elected since Jan. 10, 1905	29	.....	.....	.....	29
Associates at Large, Original.....	.....	.....	10	.....	10
Associates at Large, elected since Jan. 10, 1905.....	.....	.....	10	.....	10
Alabama State Assn. of P.A.'s.....	5	1	3	.....	9
California State Society of C.P.A.'s....	55	.....	1	1	57
Colorado Society of C.P.A.'s.....	25	.....	7	5	37
Connecticut Society of C.P.A.'s.....	13	5	3	2	23
Georgia Society of C.P.A.'s.....	6	.....	1	.....	7
Illinois State Society of C.P.A.'s.....	72	12	.....	1	85
Kentucky Society of P.A.'s.....	10	.....	6	.....	16
Louisiana C.P.A.'s, The Society of....	15	.....	1	.....	16
Maryland Assn. of C.P.A.'s.....	23	1	3	3	30
Massachusetts, C.P.A.'s of, Inc.....	56	.....	9	2	67
Michigan Assn. of C.P.A.'s.....	21	5	.....	8	34
Minnesota Society of P.A.'s.....	9	.....	10	.....	19
Missouri Society of C.P.A.'s.....	34	10	2	1	47
Montana State Society of P.A.'s.....	8	.....	5	5	18
New Jersey, Society of C.P.A.'s of the State of.....	40	3	3	.....	46
New York State Society of C.P.A.'s..	215	30	14	2	261
Ohio Society of C.P.A.'s.....	41	19	2	7	69
Oregon State Society of C.P.A.'s	12	.....	.....	.....	12
Pennsylvania Institute of C.P.A.'s....	67	5	.....	2	74
Rhode Island Society of C.P.A.'s.....	5	2	.....	.....	7
Tennessee Society of C.P.A.'s.....	26	1	1	.....	28
Texas State Society of P.A.'s.....	23	.....	6	.....	29
Virginia Society of P.A.'s, Inc.....	18	.....	4	6	28
Washington Society of C.P.A.'s.....	11	1	2	.....	14
Wisconsin Assn. of P.A.'s.....	10	3	.....	7	20
Total	901	98	103	52	1154
Honorary Members of the Association .....	.....	.....	.....	.....	3
					1157

AMERICAN ASSOCIATION OF PUBLIC ACCOUNTANTS

Proceedings of the Annual Convention, held at the Copley Plaza, Boston, Massachusetts, September 16-18, 1913

First Session, Tuesday, September 16, 1913

The twenty-sixth annual convention of the American Association of Public Accountants was called to order at 10 A. M. by the president, Robert H. Montgomery.

After declaring the meeting convened the president appointed as committee on credentials, Messrs. W. Sanders Davies, J. S. M. Goodloe and James Whitaker Fernley.

The minutes of the preceding meeting as printed in the year book were approved.

Reports* of the president and secretary, which had been printed and distributed, were taken as read.

The treasurer's report was read and approved.

Report of the trustees embodying the report of the executive committee was received and ordered printed in the year book.

Report of the auditors was received and ordered printed.

The president drew attention to the fact that the association had received invitations to send delegates to the conventions of the Institute of Chartered Accountants of England and Wales and the Society of Incorporated Accountants and Auditors. It was resolved that the secretary should send cablegrams to the two societies thanking them for their invitations and expressing regret at the association's inability to send delegates.

Reports of standing and special committees were ordered printed.

*Reports of officers, trustees and committees will be found in an appendix of these proceedings. See page 163, *et seq.*

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The report of the committee on constitution and by-laws and a minority report of the same committee were submitted to the convention.

The secretary reported that the provisions of article VII of the constitution in regard to proposed amendments had been observed.

Mr. John A. Cooper, chairman of the committee on constitution and by-laws, proposed that amendments to the constitution as set forth in the majority report of the committee should be approved. These amendments were concerned with matters of phraseology and were complementary to the changes made at the preceding convention.

The suggested amendments to the constitution were approved. In their amended form the provisions in question read as follows :

Article II

Section 2. (b) is stricken out.

"Section 5. The entire membership of state or district societies, consisting only of certified public accountants, may, on the respective applications of such societies, be admitted to this association as whole bodies, by a two-thirds vote of those present at any meeting of the board of trustees of this association; and the individual members of such societies, by such admission, shall become either fellows or associates of this association as they may be eligible under the provisions of sections 2 and 3 of this article. Only such persons as hold C. P. A. certificates shall be entitled to membership in this association."

"Section 8. The trustees may in their absolute discretion, by resolution passed by a majority of the members present and voting, refuse to admit or elect any person to either degree of membership, fellow or associate, whom they may deem unfit or unsuitable, or suspend for future consideration an application for admission for such time as they may deem desirable; they may readmit to membership any person who has ceased to be a member of the association by resignation, provided satisfactory causes for such resignation and readmission be submitted to them."

Sections 9 and 10 are stricken out.

Section 11 becomes section 9 and reads as follows :

"Every application for membership in this association made by a constituent society on behalf of a person resident in another state or district where a state or district society is established, and of which society said applicant is not a member, shall be submitted to such state or district society for approval and report thereon. In the event of said state or district society withholding

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its approval it shall require the affirmative vote of three-fourths of all members of the board of trustees present at any regular or special meeting to elect such applicant to membership."

Sections 12, 13 and 14 become sections 10, 11 and 12.

* * * * *

At this point the business of the convention was suspended and Mr. Waldron H. Rand, president of the Certified Public Accountants of Massachusetts, Inc., extended a welcome to the American Association and introduced the mayor of Boston, Hon. John F. Fitzgerald, whose speech follows:

ADDRESS OF WELCOME BY THE HON. JOHN F. FITZGERALD,
MAYOR OF BOSTON

"I am very glad to endorse the sentiments that have been expressed by President Rand, and officially to welcome you to the city.

"I am astonished that you have had twenty-six birthdays and have not come to Boston ere this. But at the present time Boston has got a great name, and I thank you for the discrimination you have shown in your selection of the time to come here, and for waiting until you could have me to greet you.

"Mr. Rand spoke the truth when he said you would go away from here with the impression that this is an ideal city. You will, if you examine it as closely as I have to do. It is my business to know it better than anybody else.

"We have a wonderful system of roads here, begun back as far as 1893, and you can go from this hotel in an automobile and you will hardly feel a jolt, no matter how far you go, fifty or seventy-five or a hundred miles, down to Provincetown, or until you touch the New Hampshire line forty-five miles away from here, or until you reach the New York line.

"I was the guest of Sir Thomas Lipton in London four or five years ago, and I supposed when he said, 'We will go down to the boat,' that he meant four or five minutes' walk down to the wharf. But we went to Southampton, seventy-two miles away, before we got to the boat. He said there were no facilities for yachts in and about London, and we had to go seventy-two miles away. But in Boston yachts can anchor off the city wharves directly opposite the city proper.

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"In New York I was down in Wall Street recently and had occasion to go to Central Park, and I took out my watch to see how long it would take me to get into the park system. New York is the most wonderful business community in the world, but I don't think the traffic is so dense there as it is in most parts of the business district of London, and in Paris, and perhaps in Berlin, but it took me fifty minutes to get from the heart of the business district into Central Park.

"Now in Boston you can go from the Old Colony Trust Company, which is one of the biggest banking institutions in the world, to the waterfront in five minutes, and in five minutes more you are on the ocean.

"What more ideal condition could you have? Don't you think you should come to Boston to live, particularly if you have an automobile and a yacht? Public accountants ought to be able to have both. It is one of the finest professions in the world, and a man or an aggregation of men that can get up a system which will tell the truth is entitled to all the money in the world.

"I could say a great deal about our place in history; but we are not depending on what our forefathers did; we are trying to do things ourselves. We are trying for a bigger, a better and a busier Boston, and I think you will be glad to go about our city and find the way our historic institutions have been preserved. Nobody dares to touch a window glass in the old South church. It is an obstruction to the street; but when someone proposed a few years ago that we go under it, the whole town rose up and said: 'Not a brick shall be disturbed.' The old state house is preserved in the same way, and the house where Paul Revere lived and died. The old North church has been renovated, and it exists today practically as it did on the night when those lanterns were hung out for Paul Revere, so that he might warn the farmers of Concord and Lexington.

"But more than that, in our institutions generally, we think we have preserved the spirit handed down by our forefathers. Boston, we all feel, is loved by every American, and not only loved by every American, but by every citizen throughout the world, because of the spirit of liberty which was born here. They are fighting for the same thing in China; they are fighting for it in Turkey; they are fighting for it in every part of Asia and in the

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darkest places in Africa—fighting the fight which was begun in this city of Boston where you have the honor to sit in convention today.

“Now about your work. I think if there is any profession that should be encouraged today it is public accounting. People are looking to your organization for relief in the present situation more than to any organization in the world. There should be some system of accounting which would enable a man or woman, those of keen intelligence at least, to take up the report of a company and to know the exact facts and be able to learn something about the condition of the road or the company or the corporation from a glance at the report which that company puts out.

“Now that the interstate commerce commission has practically taken upon itself the government of railroads, of course there must be some intelligent system of accounting. The New Haven cannot have one system and the Boston & Maine another system, and the Pennsylvania another system, and Standard Oil another system. There must be some common method of accounting, so that the interstate commerce commission and other public bodies can know what actually has happened.

“I have heard a great deal of criticism about the debts of the big cities of the country, and what we do with borrowed moneys, spending them for things that should be charged to maintenance; but the big cities of the country are very small as compared with the railroads.

“I looked at some figures the other day, the amount for which a railroad was looking, and there were charges there which we would not dare to put against the city of Boston. They buy engines that would not last five years, and they issue bonds against them that expire I don't know when. It is the same with track-age and all kinds of equipment. If there were an exposé and the people of the country were told what they had on railroads; if there were nine men at the back of the president of every railroad stating what was going on every hour of the day, as there are down in my office—well, the politicians of the country would not get all the head lines.

“We want to be honest; and there is no business in the country that needs encouragement as much as yours, and the influence and backing of the community, as much as yours. I am glad to

be here this morning to give it to you, with all the force that I can command as mayor of the city.

"I was astounded a few years ago when I went to open the exercises of the Master Printers' Association, to find on a sign over the convention platform this legend: 'Ninety-five per cent of the printers in New England have failed within twenty-five years, because they had no method of cost accounting.'

"They say about the men in politics that they know nothing about the city's business—and there were the master printers of New England declaring that they knew nothing about costs; that they knew nothing about the methods of accounting, and ninety-five per cent of them had failed. Imagine that.

"If you go to the average business house today to demand an accounting—well, you know what the condition of affairs is. It is time the thing were corrected. An organization like this, I hope, will go to the bottom of the situation and, without creating a condition that will cause distrust in the minds of the American people, get at errors so that they will be rectified; and, while a system of accounting cannot be developed which will enable us absolutely to know the conditions, yet a system can be developed which will be intelligent and honest.

"We want to get at the situation if we can. We want to get at a system of honest accounting if we can. It is an Herculean task, I admit. But it ought to be possible, when railroads borrow \$50,000,000, to be sure that the money will be spent for things which will outlast the life of the bonds. If Boston issues a bond of twenty years' duration we dare not spend it except for something which will last at least twenty years. Every dollar of paving comes out of current expense. We have paving which will last twenty years. Brick block paving lasts thirty years. We get a guarantee on wooden block paving for fifty years, but we do not issue any bonds. Our sewer system we bond. That lasts fifty years; and the bonds cover about thirty years. Our schoolhouses are built half from current revenues and we bond the other half. This is perfectly proper for schoolhouses, police stations, fire stations, buildings and improvements of permanent character, and that is what we do in Boston at present.

"You have a great duty to the public—not only to the public but to the financial world—and I hope when you get away from

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Boston you will do it. The New Haven situation is at hand now. And it is your duty to get at this situation and to adjust it properly. In such ways you will deserve and receive the commendation of the thinking people in this and every section of the country where you may accomplish these good works.

"In your endeavors I bid you Godspeed, and I wish you great success."

The president called upon Mr. Edward L. Suffern, president of the New York State Society of Certified Public Accountants and ex-president of the American Association, to reply to the speech of the mayor.

RESPONSE BY EDWARD L. SUFFERN, ESQ.

"We very much appreciate the kind words that the mayor has addressed to us on behalf of this city, and we greatly appreciate the fact that he has left his important duties to come here this morning to express them, for we can readily understand that among the burdens which are imposed upon him, not the least onerous is that of performing the sacred rites of hospitality, for which this city is traditional.

"We are glad to have the privilege of seeing, eye to eye, the man of whom we all have read in all parts of the country, who is accomplishing so much in his present and has accomplished so much in his previous administrations.

"The mayor was good enough to refer to us as a body of men engaged in a serious work. It is interesting to know that we are really the inheritors of traditions that go back to a very remote antiquity. I was interested not long ago in reading of the deciphering of some very ancient tablets which were unearthed, the probable date of which was something like five thousand or six thousand years ago. They recorded the results of a campaign which was waged, and those results were certified to by the official auditor or statistician, or whatever he might have been called. That he certified correctly, we do not know. That he proved up the number of slain of the enemy, which could be done only by counting the number of corpses, we do not know. But certainly he recorded the results of the campaign and set forth the small cost which had been incurred in the lives of the inhabit-

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ants of the empire. No doubt it was an exceedingly interesting balance sheet for the emperor to read.

"I consider myself particularly fortunate in having the privilege of responding on behalf of this association to the words which have been addressed to us, for the reason that in early manhood I had the inestimable boon of living here for a number of years and becoming interested in the welfare of Boston, of which I was a citizen. During that time I became inoculated to a greater or less degree with that spirit of modesty and self-abnegation which is a distinguishing characteristic of the citizens of this city.

"I beg to say to the mayor that we come here with deep feelings of reverence. We have met on other occasions in other parts of the country, we have been absorbed in the vortex of New York, and whirled around so madly that when we found ourselves stranded we felt that we were literally so because everything had been extracted from us. We have met by the sea, and have been refreshed by the breezes that blow from the ocean, in the beautiful Atlantic City. We have met in the middle states and watched the growth of those famous cities and towns which are now so significant in the industrial and commercial development of our country. We have been to the mountain side at Denver, and been awed by the majesty of the mountains. We have gone to California and sat by the Golden Gate, and seen the coast range and its magnificence.

"But we came here with a feeling of diffidence because we knew that we were coming to the place in which intellect predominates—which is renowned for the calm, contemplative, philosophical attitude, always regarding the rights of others and thinking not of its own. And we came in this spirit of modesty and diffidence which I have described, and we feel deeply our own deficiencies. But while we feel them, we recognize that we are engaged, as has been said, in a serious and legitimate work, and it is our modest ambition that the service which we can render in our vocation shall be service which shall be worth while and that it shall be intelligently rendered. Beyond that we have not much ambition.

"In other places wherein we have imposed ourselves in our pilgrimages, we have accumulated a large number of interesting and beautiful memories. We shall add to those many memories through our visit here, and we shall carry away from Boston not

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only the thought of the many pleasures which we have enjoyed, but I trust something of the spirit which animates Boston—the spirit of reverence and respect for that which is good and of purpose, for that which is noble and true.”

Mr. Edgar Kaulbach, representing the Dominion Association of Chartered Accountants, was introduced by the president.

ADDRESS OF EDGAR KAULBACH, ESQ.

“When I was informed that I had been selected to represent the Dominion Association at your meeting I recalled the hospitality extended to me in Chicago last year and accepted gladly. I regret exceedingly that we have not more Canadians to be with you this year, but I trust that you will not consider the lack of representation as an indication that we do not appreciate the invitation which we received. I am here in a dual capacity in that I represent the Dominion Association of Chartered Accountants and also the Institute of Nova Scotia. At this point let me say, lest I should overlook it later, that the Dominion Association is to meet in Nova Scotia next year and I wish to extend a cordial invitation to every one of you to come to Halifax in 1914.

“Our Dominion Association is growing rapidly. In 1910 we had two hundred and fifty-five members in the whole Dominion. In 1912 there were three hundred and seventy-nine; an increase of one hundred and twenty-four in two years.

“I have been talking with some of the gentlemen here this morning and I find that you are not so much of a unit as we are in Canada. We have one advantage over you. We are a younger country and have taken things in hand earlier. We have nine provinces and seven institutes, all of which are amalgamated under our Dominion Association.

“When the Dominion Association charter was issued we intended to conduct a separate organization, but it was found that the Dominion Association had no jurisdiction in the provinces. All matters regarding education were referred to the provinces, and accordingly we found it necessary to make the Dominion Association an incorporation of the larger provincial associations.”

“We have accomplished much in the last year. Today no man can come into any province of the Dominion and use the term

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"chartered accountant" unless he is a member of one of the seven societies. One man adopted the title 'C. P. A.,' and when questioned asserted that it indicated 'competent public accountant.'

"We have taken up the questions of reciprocal relations, uniformity of standards and the education of junior accountants, and in all these things we have made distinct progress."

"At the Winnipeg meeting your representative, Mr. Herbert M. Temple, was much appreciated and assisted us in our discussions.

"Before closing permit me to refer to the Canadian bank act. Banking in Canada is entirely under the control of the federal government. Last year our bank act was revised and every banking charter must be renewed every ten years. Last year the outside audit became imperative for a banking corporation and the constituent societies were asked to nominate forty accountants from whom the minister of finance might select auditors for the banks of Canada. This is a great recognition of the work that we are attempting to do.

"In closing permit me to express once more my hearty thanks for the reception that you have accorded me."

* * * * *

The business of the meeting was resumed and the report of the committee on credentials was read and adopted. (See page 231).

The president appointed as tellers of votes Messrs. Frank G. DuBois, Walter C. Wrye and C. M. Williams.

Consideration of the by-laws was suspended for the purpose of discussing a special report of the committee on state legislation referred to the convention by the trustees. Certain recommendations concerning qualifications of applicants for the C. P. A. degree were the subject of discussion. These suggested qualifications follow:

QUALIFICATIONS OF APPLICANTS

"1. More than twenty-one years of age.

"2. A citizen of the United States, or one who has in good faith declared his intention of becoming such citizen—and with the further proviso that, if applicant be not a citizen but has declared his intention and fails to become a citizen within a reasonable time thereafter, such failure shall be sufficient cause for

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revocation—and that the board *shall* revoke such certificate for failure to complete citizenship within two years after time allowed by law.

“3. Good moral character.

“4. High school graduate, or possess an education fully equivalent to that of a high school graduate.

“5. Have not less than three years' experience and study in accountancy, at least one year of which shall have been in the office of a public accountant.

“6. Pass an examination in such subjects as may be presented by the board; but provided that examination shall at least cover the four general subjects of (a) practical accounting, (b) theory of accounts, (c) auditing, and (d) commercial law as affecting accountancy; and provided, however, that board may in its discretion waive examination of such persons as may, by statute, be specifically exempted from examination.

“7. (1) Reside in the state, or (2) have an office therein for the transaction of business as a public accountant, or (3) be the legal holder of a C. P. A. certificate of another state, or an equivalent degree, and have held such degree for at least three years.”

Mr. J. S. M. Goodloe (New York), chairman of the committee on state legislation, stated that at the meeting of trustees on the preceding day the recommendations were approved and the appointment of a special committee was authorized in accordance with a suggestion contained in the report. He stated that the recommendation had in view the bringing about of uniform legislation and uniform examinations. He stated that the work of the committee would have to be elaborated and moved that the action of the trustees in approving the report be confirmed.

Mr. H. R. M. Cook (New York) raised the question of what constituted a high school course. He pointed out that in the case of New York the suggested qualifications would lower the standard.

Mr. Goodloe in replying denied that the committee suggested any lowering of standards and held that the qualifications mentioned were intended merely as a minimum.

Mr. Cook urged that all that portion of the report having to do with educational qualifications be stricken out.

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Mr. Edward P. Moxey, Jr. (Pennsylvania), asserted that this would be a step in the wrong direction and that the convention should vote on the committee's recommendations without striking out any portion of the report. He stated that those things not yet completed by the committee should be referred to it.

Mr. Cook moved the report be recommitted for revision or such amendments as the committee might see fit to make.

The question was put to the meeting and the motion to commit was lost.

Mr. Goodloe moved the adoption of the report, which was duly seconded and carried.

The meeting thereupon adjourned.

Luncheon at Copley Plaza, Tuesday, September 16, 1913

A luncheon at the Copley Plaza was provided for the delegates and guests by the Massachusetts society. After luncheon Mr. Waldron H. Rand introduced Mr. J. Randolph Coolidge, first vice-president and acting president of the Boston chamber of commerce.

ADDRESS OF J. RANDOLPH COOLIDGE, ESQ.

"When I am called upon to serve in the capacity of acting president, I confess I wish I were a better actor. The reason why the real president of the Boston chamber of commerce is not here to greet you is that he is doing a piece of public work that has come to him as an individual, but partly by reason of his wonderfully able presidency of the chamber of commerce. He has been for two weeks examining the grievances of the employees of the Boston elevated railway and accepted by both parties to the question to be the sole final arbiter of their differences.

"The chamber of commerce is not in the narrower sense a commercial organization. It has a membership of over four thousand, and it is a commercial and civic body, made up very largely of professional men as well as of those who are engaged in manufacturing, transportation or retail business. I think the feeling that animates the members is that every man should pay his lawful taxes and give a part of his time to public work. I know that the \$25 annual assessment, which yields us, as you see, an income of \$100,000, is much too small; we are lamentably poor.

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That \$25 assessment is looked upon as a kind of civic tax. Those who pay it are looking upon it as their contribution in money to the advancement of public objects of great importance. Of course, the money is only a part of it, and not the most important part. The personal effort of the members of the chamber of commerce is what makes the chamber a live influence in a great many public matters. That is to say, first, the willingness of the members to do regular, careful and rather laborious work. Then the method of work may have something to commend it.

"The chamber of commerce must not go off at half-cock. We expect the directors of the chamber to act upon information which is furnished them by the committees of the chamber (some forty in number, I think), and these committees investigate public matters of a very wide range. Their investigation is followed by deliberation among themselves, for a committee is not expected to report a statement of fact without recommendations; their recommendations are passed upon by the board of directors, and if their recommendations are approved the chamber acts through the board of directors, in co-operation with public authorities.

"We as a chamber aim to maintain a legitimate effective civic influence, and to do that we must have complete knowledge of facts. We have to consider public policies from the standpoint of their public value. We have to make up our minds that the advantage of the public is the sole object of the chamber as a whole, and the chamber has nothing to seek for itself. In that way, our co-operation with the officials becomes effective because we aim to do them justice; we have no political end to serve; we are more widely representative than the people of any one city.

"The chamber covers not only Boston and the surrounding country, but to a great degree Massachusetts, and to some extent New England also. Its transportation committee deals with matters that cover the entire country. It is widely representative, seeks to establish an influence with the public officials and the public bodies, and this is built up by giving them the right kind of criticism, friendly criticism in public—the other kind, if it has to be given, in private.

"We realize that public officials are very much exposed to attack, partisan, biased, irresponsible, and sometimes to perfectly fair outspoken public criticism, but the effort of the chamber is

to sustain them in their work, to shape their policies and actions, if it may be, by private conference, and not to hold them up publicly to condemnation and censure, unless they manifestly deserve it, and cannot be improved.

"Our fortune, so far, has been to find the Boston city government, the legislature, and to some extent congress, disposed to give the Boston chamber of commerce a fair hearing.

"We aim to make the body representative through attracting to membership, as we have succeeded in doing, the representatives of all the various trades and professions. I will frankly say that we have not succeeded in making the Boston chamber of commerce representative in any considerable degree of organized labor. The effort is worth making. It is worth something that the chamber appears to have the confidence of the labor organizations, as shown by the incident mentioned.

"Your association represents a profession on which chambers of commerce, public bodies, public officials generally, must place the greatest reliance. The public is too little in touch with the facts and figures that represent the cost of government and of all public improvements.

"Changing slightly the saying that 'addition, multiplication, division and silence characterize a certain class of politics,' I would say that 'addition, subtraction, multiplication, division and publicity characterize the right kind of accounting.' Good public accounting is the safeguard of our expenditures. We all know, although we may not like to admit it, that the proportion of men's incomes that they must pay out in taxes for public objects is increasing all the time and will increase. That, I think, is because we are aware of larger social demands, and the claims of a larger social justice than have heretofore been made, meaning a better chance for those who have none too good a chance. These larger claims can be met only by larger tax levies, and the expenditure of more money by public bodies involves, of course, a greater responsibility upon those who are elected to spend the money, upon those of us who elect them, and most of all it involves a better system of accounting of the cost of our public administrations and public improvements. So that when I meet a body like this, a body that seems to me to combine so happily the delights of recreation, social companionship and travel with the serious

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consideration of the advancement of a fine profession, I say, 'Increase and multiply; add to your numbers.' As the French say: 'Enrichissez-vous.' Get cash; you will never have too much. It is a certain factor of influence. Keep on getting it, and God speed you."

Second Session, Tuesday, September 16, 1913

Upon resumption of business at 2:30 in the afternoon the president appointed as members of the special committee called for by the special report of the committee on state legislation Messrs. J. S. M. Goodloe, J. B. Geijsbeek and Waldron H. Rand.

The meeting next proceeded to the consideration of proposed amendments of the by-laws.

Upon motion duly seconded and carried it was resolved that article I, section 10, of the by-laws should be amended to read as follows:

"Section 10. The board of trustees shall adopt an annual budget showing the amount of money appropriated for the several purposes of the association for the ensuing year.

"No debts shall be contracted or money spent other than as specified in said budget or in excess of the sum provided for the stated purposes until such proposed expenditure or indebtedness has received the approval of at least a majority of the members of the board of trustees in meeting assembled."

Two substitute amendments proposed to article V, section 3, were rejected by the convention.

The original amendment was then put to the meeting as follows:

"Section 3. The following shall be the dues for each fiscal period ending August 31, when the approval thereof shall have been received in writing from 90 per cent of the total fellow membership of this association:

By each fellow-at-large.....	\$10.00
By each associate-at-large.....	7.50
By each society fellow.....	10.00
By each society associate.....	5.00

"And it shall be optional for each state society to increase its dues on each class of membership by \$2.00 for each member, in consideration for which THE JOURNAL OF ACCOUNTANCY shall be distributed without additional expense to each member of each society so acting."

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It was moved and seconded that the words, "when the approval thereof shall have been received in writing from 90 per cent of the total fellow membership of this association," should be stricken from the proposed amendment.

The motion to strike out was carried by a majority of 186; *viz.*, ayes 488; nays 302.

The amendment as amended by the elimination of the said lines was then put to the meeting and was lost. Number of votes cast, 757; ayes 495, nays 262. Two-thirds majority necessary to amend, 505.

The convention next considered amendments to article VI of the by-laws.

A minority report dealing with this section was read by the secretary.

After discussion the proposed amendments were put to vote and lost.

Upon motion duly seconded and carried it was resolved that the rules of conduct mentioned in the report of the committee on constitution and by-laws should be referred to a special committee with instructions to draw up certain rules and explanations of principles as they might deem reasonable and desirable and to circulate such rules among the members of the association.

Mr. C. W. Collins (Colorado) moved for a reconsideration of the amendments to article V, section 3, of the by-laws, and that the matter be reopened for discussion.

The motion was duly seconded and carried.

Mr. Collins moved that article V, section 3, as amended by striking out the words "when the approval thereof shall have been received in writing from 90 per cent of the total fellow membership of the association," be adopted.

The motion was seconded and put to vote.

Total number of votes cast, 792; ayes 530, nays 262. Two-thirds vote necessary to carry, 528.

The amendment was therefore adopted.

Mr. G. L. Vannais (Connecticut) moved to reconsider the action of striking out the following words in article V, section 3: "when the approval thereof shall have been received in writing from 90 per cent of the total fellow membership of the association."

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The motion was seconded, put to vote and carried.

Mr. Enos Spencer (Kentucky) moved to substitute "66 2/3" for "90 per cent."

The motion was seconded and put to vote.

Number of votes, 765; ayes 549, nays 216; necessary to carry, 383.

The motion was therefore carried.

The adoption of the clause, "when the approval thereof shall have been received in writing from 90 per cent of the total fellow membership of the association," as amended by substituting 66 2/3 for 90 per cent, was put to vote and lost.

The meeting then proceeded to consideration of article VI, rule 1.

Mr. Cooper, chairman of the committee on constitution and by-laws, in view of the decision of the convention concerning the amendments to article VI, moved that article VI, rule 1, remain as at present without amendment.

The motion was seconded and carried.

Article VII, section 1, of the by-laws was amended by unanimous vote to read as follows:

"Section 1. A state or district society or any member at large failing to pay the annual dues or any subscription, assessment, or other sum owing by them to the association within five months after such debt has become due shall automatically cease to be a member of this association."

Article VII, section 2, by unanimous vote, was amended to read as follows:

"Section 2. A state or district society renders itself liable to be expelled from the association or to be suspended for a term not exceeding two years by resolution of the board of trustees sitting as a trial board, if, after election to membership, it (a) lowers its standards of admission to membership, (b) fails to maintain its organization, (c) refuses or neglects to give effect to any decision of this association, of the board of trustees or of the committee on arbitration."

Meeting adjourned.

First Session, Wednesday, September 17, 1913

The first business considered was the place of holding the 1914 convention.

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Invitations were read from Buffalo and St. Louis inviting the association to meet in those cities.

Mr. E. L. Suffern (New York) moved that the recommendation made by a special committee to the board of trustees to the effect that the 1914 convention of the association be held in the city of Washington be approved.

The motion was seconded and unanimously carried.

The next order of business was the election of officers.

The president called upon Mr. Waldron H. Rand to take the chair.

Upon the call of the roll California gave place to Pennsylvania and Mr. Edward P. Moxey, Jr., nominated for president Mr. Robert H. Montgomery.

The nomination was seconded, and upon motion duly seconded and carried the secretary cast a unanimous ballot for the election of Mr. Montgomery.

Upon resuming the chair, President Montgomery said:

"The most I can do is to thank you with all my heart for this evidence of your confidence in me. The administration of a president would be futile were it not for the co-operation of the members of this association. The reports of the different committees will show the tremendous work that is being done. That work is being carried on in every part of the United States. The committees are so arranged that members are within easy reach of each other, and can get together. They are doing great things for this association.

"It is impossible in the short time we have for our annual meetings to enumerate all of our activities; I, therefore, ask all and each of you to get a year book and carefully read it. The men who are here are active workers and know what is being done. There are, however, many men in your societies who do not know what is being done by this association, and I hope you will encourage all those men to subscribe for a year book so they too may know what we are doing.

"Again, I thank you, and assure you that in the coming year I will do the best within my power."

Nominations for treasurer were next in order.

California yielded to Ohio, whose delegates nominated Mr. Carl H. Nau.

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The nomination was seconded, and upon motion duly seconded and carried the secretary cast a unanimous ballot for Mr. Carl H. Nau as treasurer of the association.

Nominations for trustees to fill the vacancies caused by the expiration of the terms of Messrs. J. E. Sterrett, J. S. M. Goodloe and John B. Geijsbeek were the next order of business.

Messrs. John B. Geijsbeek, J. S. M. Goodloe and James Whitaker Fernley were nominated.

The nominations were seconded, and upon motion duly seconded and carried the secretary cast the unanimous ballot of the delegates for the nominees named.

The election of auditors was next in order.

Mr. Thomas L. Berry (Maryland) nominated Major W. McK. Evans (Virginia) and Charles O. Hall (Maryland) to serve as auditors for the ensuing year.

The nominations were seconded.

Upon motion duly seconded and carried the secretary cast a unanimous ballot for the election of the gentlemen named.

This completed the schedule of business.

NEW BUSINESS

Mr. Edward L. Suffern (New York) suggested that in the preparation of the records of the convention the details of discussions should be expunged, excepting the important transactions.

The motion was put to the meeting and unanimously carried.

Meeting adjourned.

First Session, September 18, 1913

After discussion of the paper submitted by Mr. F. B. Sears* it was suggested by Mr. Hecht (New York) that the committee on education should call upon subcommittees in the several states in order to expedite the work of collecting information.

A resolution of thanks to the Massachusetts society for its hospitality was enthusiastically adopted. The secretary was instructed to prepare an expression of appreciation for the cordiality of the welcome extended to delegates and for the many delightful entertainments provided for the association.

The meeting adjourned.

*See page 136.

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Meeting of Trustees, September 18, 1913

At the meeting of trustees held following the close of the morning session on September 18, A. P. Richardson was re-elected as executive secretary, and the following were elected to serve as members of the executive committee for the current year: Messrs. H. S. Corwin, W. Sanders Davies, E. W. Sells, E. L. Suffern and W. F. Weiss.

**Annual Banquet, Copley Plaza Hotel, Boston,
September 18, 1913**

Toastmaster, Robert H. Montgomery, president the American Association of Public Accountants.

THE TOASTMASTER: They say some toastmasters are born and others have toastmasters thrust upon them. I am the toastmaster this evening—that is thrust upon you on account of a trade which I made this afternoon. I was told that if I would act as toastmaster this evening I would not have to make a speech.

I am sure that those of you who have heard of Mr. Samuel L. Powers, ex-congressman of Massachusetts, will regret his absence as much as I do. I am told that he is one of the best toastmasters, and that he fully expected to be here tonight. However, on account of serious illness, and with very great regret, he is obliged to be absent, so you will have to put up with me whether you like it or not.

The committee liked a joke I told them last night. Two Scots golf players played around fifteen holes without saying a word to each other, when one turned to the other and said, "Dormy." The other said, "Chatter-box." If I say much more than that you may dub me a chatter-box.

The banquet to the delegates of the American Association of Public Accountants who are here tonight is one of mixed joy and sadness, for the banquet always means to us that we are about to leave.

We came here on Sunday and we hadn't been here very long before we found out that we could get nine drinks on one sandwich. We started Monday morning at eight-thirty having meetings, and we have been keeping it up ever since, except in between times when we were out seeing the sights of Boston, and having

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all sorts of nice things done for us and our ladies. I think that is the proper expression, "our ladies." We have really had a beautiful time, and we have enjoyed ourselves very much indeed. We are leaving Boston and Boston people with much regret. We loved them before we came here and if it is possible we love them more now. It would not have been possible for anyone to have done more for us than has been done for us during these four or five days. I feel that Boston belongs to the United States and that we have a proprietary interest in it. We have just been around looking at our own property.

At our sessions we have been permeated by the Boston atmosphere. We have talked about education and we have risen to a higher level than we have ever reached before. I can assure you we shall not go backward.

It is a remarkable thing how fast our profession is advancing. As a matter of fact, we have gone along so fast that most of us are scared to death. We try not to show it, however, except among ourselves, but when we count up what we are supposed to know and realize what we are supposed to represent in the community, we find that the public accountant is supposed to be a lawyer, an engineer knowing all about mechanics, and a man cognizant of the rights of the employer and the laborer, supposed to know all about the tax laws, and a few other things—and we have found that there are lots of people who believe we are all that and more. Now, we are afraid to admit among ourselves that we are not all of this; we are frightened in the same way as when we were boys. They didn't teach us how to swim in those days; we just went down to the creek and some of the older boys pushed us in, and would say to us: "Now swim or sink." So we had to paddle around until after a while we learned to swim. So, today, when we are called in by the president of the United States or somebody else to advise as to all of these things I have enumerated—and more—and are asked if we are familiar with the subjects, we say: "We have just finished a job with all those things connected with it."

The public a few years ago didn't employ us as they do today. That was because they didn't know about us, but the public is being educated, and big business and all kinds of business are open to us more than ever before.

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A man from the country took his wife to the circus, and after they had looked at and examined carefully the elephant, his wife said to him: "What kind of an animal is that?" The man turned and said: "That animal! Why, that animal is—there ain't no sech animal."

The business man would have said twenty years ago, "There ain't no sech animal," but today he looks for us and finds us, and scared as we are, we are trying at each convention to set the standard a little higher than it has been before.

I think the highest note was struck last night at our discussion. It was brought out forcibly that in cases of employers and employees we owe some responsibility to the latter. We must not tell the employer how to put economies into effect unless the laborer is given his due. It was said that we should give to the laborer more consideration than we have done in the past; not consider that we represented capital only, but remember that we were also representing the other side—the laboring class. The same principle applies to any and all matters of government. We are to have an income tax—and the matter of taxation becomes more pertinent than in the past, and we will have a duty in that direction.

We have another year in which to work out some of the matters which have been discussed quickly and without due consideration at this meeting, but I think we all feel that we have done something worth while in Boston—it has been one of the best meetings we have ever had—and in going away from here we want to express not only thanks, but our heartfelt good wishes to those whom we leave behind in Boston.

We are fortunate in our first speaker. A bank commissioner in Massachusetts is a real bank commissioner, and in addition to that he is chairman of the board of examiners of public accountants in Massachusetts; and not only that, he appoints the rest of the board, I am told, and he signs the certificates. I was not told whether or not he can revoke a certificate, but I suppose he can. He is all these things, and many more, and they also tell me he raises the finest cranberries in the state. I am told this is good cranberry weather. Anyway, it is typical Boston weather. When it begins to rain it is typical cranberry weather; so the weather is always right in Boston.

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We will now have the pleasure of hearing the Hon. Augustus L. Thorndike, bank commissioner of Massachusetts.

ADDRESS OF HON. AUGUSTUS L. THORNDIKE, BANK COMMISSIONER OF MASSACHUSETTS

As bank commissioner of Massachusetts, one of whose duties it is to administer the statute relating to the registration of public accountants, I have been asked to address you tonight to tell you about the working of the law and the method of determining who may receive the much coveted certificates as public accountants.

Massachusetts is one of a score of our states which recognize the importance of the profession and have formulated laws to determine who may practise as certified public accountants. Banking interests in our state are so enormous in their importance that it was deemed best that their books and accounts should be audited and examined by trained men, and the selection of these men by the directors or the depositors of the banks must be approved by the bank commissioner. Consequently, when the statute was passed by the legislature, some five years ago, relating to public accountants, it fell to the bank commissioner to proceed under the provisions of the statute and make the rules necessary for determining who had the requisite qualifications and professional ability to receive a certificate as public accountant.

It became the somewhat arduous duty of my predecessor, Mr. Chapin, to form the policy for carrying out the law, and from among the public accountants of established reputation he invited some of those of recognized ability to assist him. They gave freely of their services, their time and their knowledge.

It was decided that in addition to the other qualifications a written examination would assist in determining who had sufficient knowledge. The standard of the examination which was set five years ago was high, and the policy when I became the incumbent of the office of bank commissioner seemed to me to be the wise one. While I have been there I have endeavored to keep the standard as high as it was at the outset.

There have been five examinations, and as a result there are more than one hundred men who have certificates as public accountants. Most of the men who were proficient in their profession passed the first examination. At the last two examinations

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there were sixty persons sitting at once and three were successful. At the examination in June, of the seventy-seven applicants who took the examination, six were able to pass.

Massachusetts has set a high standard and we intend to carry it on. The gentlemen who have formed the boards of examiners have co-operated with the bank commissioner and relieved him of many of the details, and it is to them that the members of the profession in Massachusetts are indebted for the high standards and the reputation that her certified public accountants have throughout the United States.

It is recognized that large business as carried on now depends a great deal upon credit and upon faith. It is necessary that a high class of men shall examine the books to uphold the integrity and the faith upon which business is founded; and incidentally to be able to inform the owners of businesses whether they are profitable or not. It is to such men that Massachusetts must look, and it is by such men that the standard which has been set will be maintained.

THE TOASTMASTER: It has been disconcerting to the American Association of Public Accountants to find what a small proportion of applicants for C. P. A. degrees pass their examinations. We believe in high standards, but we propose to institute an inquiry into the reason for so many applying and so few passing. It is not that we want more to pass, but we want to qualify those who do apply; and that is one of the matters which will claim our attention during the next year. We are very glad indeed to hear the bank commissioner of Massachusetts, and we shall seriously consider his remarks.

The American Association of Public Accountants is a member of the Chamber of Commerce of the United States. Our name leads all the rest. We have two As in it, and that was suggested as one of the reasons for joining. The next speaker is one of the board of directors of the Boston chamber of commerce and has for a number of years taken a lively interest in those affairs which affect Boston. He is also chairman of the executive committee of the Chamber of Commerce of the United States of America. We shall now have the pleasure of hearing from Mr. John H. Fahey.

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ADDRESS OF JOHN H. FAHEY, ESQ., CHAIRMAN EXECUTIVE COMMITTEE CHAMBER OF COMMERCE OF UNITED STATES.

A guest on an occasion of this sort is always expected to express his pleasure in being present and his thanks for hospitality extended; and I assure you most sincerely that I do that on this occasion with more than usual satisfaction. It is for several reasons. First, because it affords me the opportunity to meet the representatives of this important association which is a part of our national life, an association representing in your profession the maintenance of the highest standards and the most splendid ideals, an association of men who are rendering a great and useful service nationally and in every state in our union today. It also affords me pleasure to have the opportunity to greet you on this occasion and to extend the best wishes and compliments of your four hundred fellow members of the Chamber of Commerce of the United States, and to say for them that we appreciate your membership in this organization, we count upon your interest and your loyalty, and we hope to enlist you in the service and the work which is ahead.

Again, it is a source of gratification to me to welcome you in the city of Boston, of which I am a citizen. I am very pleased as one citizen to know that you have enjoyed your stay here. There are many reasons why the gentlemen of your profession should find an atmosphere of satisfaction and pleasure in this city. Boston has always been interested in figures of more than one kind. In its early days the processes of mathematics showed to our citizens that they were paying more in taxes than they ought, and they acted upon the deductions which came from going through these processes of examination. Our early citizens were so enamored of the figures set forth in the multiplication tables that you may have noticed they raised a monument for all time in the development of our system of streets. You will find here that we have almost every figure in the list except No. 1, but I am sure from your familiarity with figures that you found no difficulty in making your way about after you once knew where the figures lay.

I presume that I could discuss some of the fundamental principles of your profession and of the science of mathematics as a whole more or less intelligently—probably less, because I know so little

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about it. I have always had a great respect for figures; I have had the impression that it was necessary to treat them kindly, or they were likely to come back at you. I have always had great respect for men like you who could make them lie down and roll over and eat out of your hand.

But I am not here to discuss accounting, or mathematics. I am here to say a word to you about the Chamber of Commerce of the United States, a word to you as a member of this organization, a word as one of your servants in its board of directors.

The name "Chamber of Commerce of the United States" I am sure you will all agree carries in itself some explanation of its breadth of purpose, some suggestion of that commercial patriotism which inspired its foundation. It is the result of the development of more efficient and useful chambers of commerce and boards of trade in one city after another throughout the United States, and the evolution of national bodies like your own, representing many professions and many members.

It is a fact that for years, even generations, this country, usually so progressive and enterprising, lagged behind its competitors in the world's affairs in the development of efficient organizations among professional men. But within the last twelve or fifteen years we have seen a remarkable advance in the development of chambers of commerce, boards of trade and other organizations, local as well as national. They proved their usefulness, they secured their place, from one end of the land to the other, and it was inevitable that, having so proven their work, the time should come when they would see that the forces which had been so successful at home and in particular lines of business must of necessity be united in order that they might bear their full part in the development of the nation.

The necessity of an organization of this sort had been seen for years by our government officials, and several futile attempts were made to stimulate action. But it was not until a year ago last April that the real action came. Then President Taft invited to Washington the representatives of all of these organizations from the Atlantic to the Pacific. And in response to his call there came more than seven hundred earnest, intelligent, forceful men, from every state in the union and from our dependencies. Moreover, there were represented in that gathering the American chamber

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of commerce of Paris, and the American chamber of commerce of Berlin, and the chamber of commerce of Amsterdam, and various other foreign organizations. To them were presented the opportunity and the need of some federation of the business organizations of the land, and it took them less than forty-eight hours to agree that the time had come when they could unite, and moreover to agree upon a tentative basis of organization.

They elected a temporary board of directors and to them entrusted the task of evolving a definite set of laws which should govern the body. They met, and out of the suggestion of many organizations evolved a plan by which this organization has since proceeded.

By the following September—that is, one year ago this month—they were ready for business. Headquarters were opened in Washington, later a branch office in Chicago, and still later a branch office in New York. Then the work of enlisting members and founding the organization began.

Was there need? Were the business organizations of the country ready to participate in a movement of this kind? The answer is that within a year there has been enrolled a membership of nearly four hundred organizations, and I am not sure that it does not exceed that number tonight. It represents every state in the union and every city of 100,000 inhabitants or more, with six exceptions. In those organizations are represented more than a quarter of a million of the best business men in the nation. And they are gathered together for what? Is it to work for business? To promote the prosperity of business and commerce and industry? Yes, but at the same time to work for the prosperity of all classes of people, and the nation as a whole.

The inspiration of the organization is one of public spirit, one of thorough-going patriotism, conceived with the idea that by such a federation, by such co-operation, business men could contribute to the common advance of the nation more efficiently, more forcefully, than they could by working as separate units, and that though through all the history of this country the business man has been at the forefront in public work, in working for the common good, by the utilization of this type of machinery he could be more useful and work faster than ever before.

It is an unfortunate fact which I believe most of us recognize

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that, during the last decade at least, the business man has not borne his full part in the making of national legislation. He has not been taken into full consideration. He has not been consulted. Labor and agriculture, efficiently organized, not only locally but nationally, have had a much larger part in the framing of our federal statutes. It is true that to a considerable extent we have only ourselves to blame for this. We were not organized in such a representative way that the federal government felt called upon to consult the needs of business. All of us know that, though business as a whole has sometimes fretted under the criticisms which have been made, some of them were well founded. At the same time we know that such wrong-doing as existed in business and commerce was confined to a very small percentage of the active business and professional men of this country. I believe that less than ten per cent of all the men engaged in business, in commerce, in this country could be justly charged with the offenses for which they have been haled before the bar of public opinion.

Nevertheless business as a whole has suffered. Today we are faced with the necessity of working in more thorough cooperation than ever before, if we are to bear our part, not only in getting a fair and just hearing, but in maintaining, as your association does in its profession, the standards and ideals which we know should obtain. That can be done only when the best men of the country are represented through an organization that is truly representative, democratic, that does not speak the views of the few, that is not susceptible to unsound influence, that is not controlled by a handful of men who speak for American business as a whole, but an organization which in fact represents the sentiments of American business in all parts of the country—business as a whole, straightforward, square, honest, truly American business.

This organization is founded in recognition of the principle that there can be no right determination of questions national in character affecting business, unless every organization and every type of business rightfully entitled to a hearing shall be consulted, shall have an adequate opportunity to express its opinion when it has carefully considered the facts. That is the fundamental idea of the Chamber of Commerce of the United States.

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Your board of directors has no power to meet and determine what is best for the business of the United States. They are the servants of every organization in the membership. It is their duty to consider only whether a question proposed is truly national in character, and, if it is, through the medium of a referendum it must be presented by that board to your organization and to every one in the membership.

On first consideration it may seem that this is a somewhat cumbersome system, but already in three submissions of questions it has proved its usefulness, and an opinion has been registered which has commanded respect. Moreover, the new principle evolved in this country in this most ambitious way has attracted such attention abroad that within the last six months the chambers of commerce of the United Kingdom have accepted it and incorporated it into their by-laws, and the British association of chambers of commerce is organized along these lines. The great international congress of chambers of commerce which met in this hall only a year ago has now submitted to its directors a plan for revision of the by-laws so that the same principle may be incorporated.

The purpose is that the Chamber of Commerce of the United States shall work in the open. That it shall not be a lobbying organization. That it shall undertake to learn the intelligent opinion of the business men of this country, after the question which has been before them has been carefully considered. And then, in a dignified, sensible, intelligent way, to present that opinion to the congress of the United States and to the executive, confident that it will carry the weight to which it is entitled—no more and no less. Its purpose is not to work against any business, but rather to try to work with labor, agriculture and the other great forces of this country, in order that the business and professional men may contribute all that lies in their power to the common upbuilding.

I have sketched at more length than I intended some of the plans and purposes. I know that as practical men you will probably say: "Well, that sounds rather attractive; but come down to the practical thing; what can an organization like this accomplish? Is it possible for the business men of the United States to go forward in thoroughgoing coöperation and accomplish results

that can be estimated? Are there other things that it may do besides influencing opinion in our national legislature and trying to make business as a whole more intelligent on national questions?"

I think on a moment's consideration you will understand that the opportunities for usefulness for a great national organization of this sort are almost unlimited. We have only to look to modern Germany—that country which has been an inspiration to the world during the last thirty years in its tremendous commercial advance—to see what a useful factor in the development of that country has been the coöperation of its chambers of commerce, boards of trade and national organizations. Every student of history will agree that the federation and coöperation of the business men of Germany through their organizations have been as great a factor in the upbuilding of that country as the political union of the German states themselves.

It is true also of France, even of little Switzerland, of Austria, Italy, Great Britain and all our European competitors. They have worked in the closest harmony with all their national administrators. There is in this country a splendid opportunity so to coöperate with our department of commerce as to make it in some way comparable with the similar departments of the great nations of Europe.

It is an extraordinary thing that, while in agriculture in the last dozen or fifteen years we have accomplished most unusual things in this country, in business we have almost neglected our opportunities of coöperating with the government. The department of agriculture, I believe, can prove to you that its expenditures of \$5,000,000 or \$6,000,000 a year for the last twelve years in purely promotive effort have resulted in increasing the agricultural production of this country more than \$300,000,000 a year.

Is that type of investment worth while? During that same period congress, through its department of commerce and labor, has made annual appropriations for similar work in those departments of less than \$200,000. Money has been spent in other directions, but in purely promotive effort for commerce and industry in this country, in helping to give employment to the millions that we are trying to protect and provide for, and in proportion to the millions upon millions invested in manufacturing and other commercial industries in the last ten years our co-

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operation, our activities, have been wholly inadequate to the work which is ahead; and the time has come when we must give our time and thought to it.

I might sketch some of the experiences which this chamber has already had through the development of its publications and the interest they have created; through the maintenance of its bulletin in Washington which has informed the country week by week of the progress of all legislation affecting business, commerce and the professions. I might tell you of the experiences of the branch offices which have been created. I might say a word about the trip which the board of directors of your chamber took through the western states during the last few months, and I know I can say with no exaggeration that if you had been enabled to participate in that trip you would have returned to your homes with a new appreciation of the greatness of America, of the spirit which is forcing her business men along the paths of progress today, and of the ideals and inspirations which they have, national in character, and their desire to serve not themselves alone, but the nation as a whole. But those things would consume too much time and I have already taken more than I should.

I thank you for listening to these things. Here is a work which should be done, and it is our duty—nay, our privilege—to respond to a call like this and to do all that in us lies to promote the common welfare and the glory of this great nation of ours.

THE TOASTMASTER: It is with great regret that I am obliged to announce that Mr. W. D. T. Trefry, commissioner of corporations of Massachusetts, is unavoidably detained and unable to be with us tonight. Mr. Trefry is interested in our work and wanted to be here with us, but at the last moment was unavoidably detained.

We have someone with us whom we all love, and whom we love to honor, and one who has been our host in a representative capacity. Mr. Rand is the president of the Certified Public Accountants of Massachusetts and is the next speaker.

ADDRESS OF WALDRON H. RAND, ESQ.

I was informed this afternoon that I should be called upon to speak to you, and to make sure I should not wander in my remarks and be incoherent I have written down what occurred to me to say. I am not the best man in our Massachusetts association to speak

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for it, and while occupying the exalted position of president, the qualifications thereof do not include excellency as a public speaker.

Massachusetts whole-heartedly appreciates its position as host of this body of talented and conscientious exponents of the right principles of accountancy. We have attended a convention at Atlantic City where the concert of action by three great states afforded us much satisfaction. We stood rather in awe in contemplation of what the great and rich society of New York would do, rich in talent and in purse. We went to San Francisco to view the Golden Gate and climb Mt. Tamalpais. We were at Chicago and wondered at the versatility of our entertainers. In all of these contacts personally with our fellow members of this association, our esteem for you has been intensified, our love for you has grown. Now we have almost completed our services as entertainers, and what shall I say? Nothing but what would emphasize what I have already said.

Some of you are here for the first time. This morning I was favored in meeting, down town, one of our visiting fellows, who rushed to greet me, saying (I must not be considered as being too literal): "My, I'm glad to see you, Rand; put me on a car which will take me to the hotel, will you?" "Certainly," I replied, "but now that you are down in the city let me first show you something. Have you seen State Street?" "Three times," said he, and pointing to his left, "I know that to be Post Office Square. All I want is to be put on a surface car for the hotel." I explained he could not get any car where he stood for the hotel, but that I should be glad to escort him to the subway and see him on his way. I pointed out what objects of interest we passed and, coming to the Old Granary burial ground, I said, "The Franklin monument is here." "Rand," he replied, "I know something anyway, Benjamin Franklin is buried in Philadelphia." But when he learned it was the mother and the father of Benjamin Franklin to whom I referred, we walked into the cemetery and spent a few moments reading the inscriptions on the old blue stones. My friend remarked that "it was curious the way they used to spell 'comfort'." "Do you notice," said he, "they spell it with an 'n'?" "That isn't 'comfort'," said I, "it's 'consort'," and after that he insisted upon being shown his car for the hotel.

Seriously again, our thought is that, if we had the mind of a

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Montgomery, the wholeheartedness of a Weiss, the tongue of a Suffern, we should even then fall short of a complete expression of our real sense of appreciation of you all. To use a word made prominent, not so long ago, by one of the greatest men this country has produced, we are simply *DE-LIGHTED!*

THE TOASTMASTER: After the close of our last business session we received a most cordial invitation from Virginia to hold our next convention there. We did not know this until it was too late or we might have considered it, but I am sure, speaking on behalf of the association, I can convey formally to the Virginia delegates our sincere thanks for their courtesies.

We are here representing not only Virginia, but Washington, California, Texas, and most of the states of the United States. In all these states there has been evidence of great interest in the association work. There has been the greatest interest in professional matters during this year, and no one subject has received greater attention than that of education. It is only fitting that in view of the rapidity with which we had to pass over the reports at our business sessions we should hear from one who has worked unceasingly on his report on education. We delight to honor him and shall be glad to hear from our friend, the chairman of the education committee, Mr. John B. Geijsbeek, of Denver.

ADDRESS OF JOHN B. GEIJSBEEK, ESQ.

This honor has been thrust upon me rather unexpectedly; however, I am always enthusiastic on the subject of education. I was thrust into educational work inadvertently and I have stood by the duties which you have put upon me. My heart is wrapped up in this most necessary thing for this association.

The members of this committee have endeavored to direct our work only to the gathering of statistics, and ascertaining the present conditions. We are a young profession; and as pioneers in that profession it behooves us to train the young and look toward posterity so that the mistakes we have made may not return, and so that we may fulfill as true American citizens our duties toward our country.

I cannot read you the report of the committee, but I trust that you all will buy the year book of the association, read the report

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and give us the benefit of your suggestions. The committee appeals to you for help. We desire that you will return to your places and assure your members at home that in this matter of education is the great problem which we have to solve in the next few years. We urge you to heed the appeals that come from this committee in the way of letters to your boards, your C. P. A. examiners and your members; for we must report, and we do it sadly, that we have not received the replies which we should have received.

Mr. Rand, for instance, took upon himself to ask the members what subjects they thought should be included in the education of a public accountant. He received replies from seven per cent of the membership.

The subject of economics is the basis of education in accountancy, and it is to be regretted that the state boards at the present time do not examine in this subject. This is one of the fundamental reasons for so many of the failures in the C. P. A. examination. If we have not a foundation we cannot build a structure; and the study of economics provides that training in mental discipline which we need and upon which our independent thinking is based.

Before closing permit me once more to urge upon you the necessity of spreading the message at home. I would ask the executive committee that the secretary be permitted to travel more than before, and we hope he may be able to stay longer in each state.

I have many decided views on the subject of education, and I hope you will bear with me if you differ from me. After all, everything is in the point of view, but we are all looking to the same end and all working for the same result—the building of a firm foundation and splendid superstructure for accountancy that is and is to be.

(The proceedings closed with the singing of the national anthem.)

APPENDIX A

Papers Presented at Boston Convention, 1913, with
Reports of Discussions Following

Uniform Accounting Systems

BY EDWIN F. GAY

Dean of Harvard Graduate School of Business Administration

In discussing with professional accountants the subject of uniform accounting systems, it is not necessary to enlarge upon the importance of such coöperative understandings. This association has often considered the topic and knows both the advantages which accrue from uniform accounting, not only to the direct participants but to wider circles, and the limitations and practical difficulties which beset the adoption of such systems. It is a new experiment in this direction to which I shall call your attention.

A uniform accounting system may be imposed from above by the authority of the government. The national government furnishes a notable example of such action in its requirement that railroads engaging in interstate commerce shall conform in their accounts to the elaborate system worked out by the interstate commerce commission. Or a government, as in the case of the relation of the state of Massachusetts to its municipalities, may stimulate the adoption of uniform accounting methods by demanding periodical returns of schedules which imply, if they do not necessitate, some uniformity of classification in receipts and expenditures. The bureau of corporations of the national government again has found it necessary in its investigations of industrial costs to reduce divergent accounting methods to some uniform standard, a work entailing great labor on the part of its agents.

Similarly in the development of the large scale modern business enterprise, corporations controlling a number of plants engaged in the same industry or service have found it expedient to introduce uniformity in accounting methods. Corporative authority,

as well as governmental, recognizes that such uniformity is an indispensable prerequisite for intelligent action based upon a knowledge of the comparative cost of doing business with a number of constituent plants or scattered units. The requirement of uniform accounting methods not only ensures that all the units shall introduce what is presumably a good system, of itself no small advantage especially in the case of the smaller or more slackly conducted concerns, but by comparison and analysis it makes possible the setting of standards. Knowledge of the facts replaces guesswork, and uniform accounting becomes one of the master keys to business economy and efficient management. This operates not only through the information which directs the action of the chief executive in such an organization, but through the emulation excited between plants or departments when their managers know accurately the costs in similar plants. Such emulation, it may be added, is in the day of industrial combination a useful substitute for competition.

When the advantages of uniform accounting methods are so obvious, it might be expected that they would be adopted voluntarily by groups engaged in the same business, particularly now that these groups have so generally organized themselves locally and nationally into associations. It is not uncommon in various industries to hear complaints of "cut-throat competition" and to be assured that these competitors with murderous proclivities are not so much unscrupulous as ignorant. They do not know accurately the cost of the commodity or service which they offer; in other words, they have no proper accounting methods, and therefore, especially under pressure, sell at or below cost. There is both popular and legal objection to price agreements, and such agreements meet furthermore the practical difficulty of maintenance. Why not at least ensure, by the coöperative adoption of sound accounting, that competition shall not be ignorant of cost, that the competitor shall know, for instance, what "overhead burden" means, and agree on how to distribute it? If he insists on being a "cut-throat," let him at any rate sin knowingly and in the pitying sight of all. If coöperation to the extent of price-setting be impossible or socially inexpedient, there can be no objection to the lesser degree of trade coöperation involved in an agreement for uniform accounting.

BASKINS & SELLS

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But when government authority or corporative control is lacking, the adoption of this admirable expedient is not so simple as one unversed in the ways of the business world might suppose. I have lately made some inquiries concerning voluntary trade coöperation in uniform accounting, but correspondence with the associations which I had heard were moving in this direction has disclosed the fact that, with a few notable exceptions, the movement has been neither far nor fast. Apparently a number of associations have discussed the subject; some of them have gone so far as to have a system of uniform accounting competently drawn up for the use of their members; but I have thus far found only one example of an association which has made a strenuous effort toward wide-spread adoption of such a system and has undertaken through a central organization to collect and disseminate knowledge as to costs and standards based on geographical averages of such accounting data.

This association is the organization of printers known as "The United Typothetæ of America." Beginning in 1909 under the auspices of the Typothetæ, a series of "cost congresses" were held and the enterprise then started has been steadily developed. Out of a possible 1,600 members, 800 have now adopted the uniform system approved by the association, while in addition there are possibly 300 of the members who are using a system which they individually consider satisfactory, though it is not the standard. The secretary of the Typothetæ, Mr. S. Evans Clark, believes that the association represents 75% to 80% of the invested capital in the printing business, and since at least 50% of their members are now using the standard uniform cost finding system, it is evident that approximately 40% of the total capital invested in one of the greatest industries in the United States is now operating under a system which makes possible reliable comparisons and standards of costs. This percentage would probably be increased if we could learn the number of printers outside the ranks of the Typothetæ who are using the same system. The secretary says that "quite a number" of these through the country have adopted the uniform system; and I am informed that in certain districts, notably in the Boston district, a very large percentage of the printers not in the organization of the Typothetæ are enjoying the advantages of this coöperation.

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The chief difficulty which retards the rapid spread of a movement, destined ultimately, we may trust, to be of great importance in modern business organization, seems to be the suspicious individualism and the inertia of a large number of business men. It is significant that, even among the printers, the smaller businesses, according to the reply of the secretary, "have not been reached to any extent," although "they are the ones who can be most benefited by a cost system." They harbor, we are told, the erroneous opinion that they cannot afford its installation. It is clear that a comparison with his own accounts of previous years is of benefit to the individual manufacturer or dealer, though there are too many of the smaller business men whose accounts are not kept with sufficient system to make this study very illuminating. But even those who grant the utility of such an historical survey of their own business are often difficult to convince that it would pay them to coöperate, so that they could make a contemporary comparison of their own with similar business concerns in the same line. If they are fairly successful, they are satisfied, or they say with profound conviction: "My business is different," and so comparison is useless. If they are not fairly successful, the reason for their ill-success is often the same as for their refusal to see the light which is shed by uniform accounting.

Representing the Bureau of Business Research of the Harvard Graduate School of Business Administration, I can speak on this subject with a strong belief in the great utility of uniform accounting and with some experience as to the difficulty of securing a wide voluntary adoption. In our study of marketing methods we found it essential to investigate fully the selling of various commodities, and we commenced with the retailing of shoes.

Although compared with the sale of other commodities such as drugs and textiles, this business is not especially complicated, it nevertheless illustrates, in its variety of product and methods of distribution, practically all the main channels from maker to user, through wholesaler and retailer, through dealer only, and direct to user by the manufacturers' own stores and by mail. For its retailing we find all the main types of retailer, the retailer with but one store and one commodity—footwear only; the department store in the city and the general store in the country with many commodities; the chain store, both manufacturer's and

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non-manufacturer's, local and interstate, with a varying number of stores handling footwear only.

The production of shoes has been fairly well standardized. Variations in production occur through changes in style rather than through changes in process. It is a staple for which as a whole there is a fairly even demand. There are fluctuations, but they are caused mainly by style changes, and the problems of production seem to offer no disturbing factors in a study of distribution.

For these reasons the bureau began its work upon the marketing of shoes and so far has given attention mainly to their retail distribution. The concrete task was to find out the operating costs of a large number of shoe stores and shoe departments, to group them according to the grade of goods and population of the community, and then to compare them.

In the summer of 1911 agents visited shoe retailers in Ohio and Wisconsin and soon learned that practically no two retailers kept their accounts in the same way, and that many kept insufficient accounts. Some, for example, reckoned profits on the cost, and some on the selling price. Some charged salary for their own time and rent for their own stores, while others did not. Some meant one thing by selling expense and some meant another. Allowances for these variations were made by the agents and some serviceable figures were obtained, but the need of a common basis of comparison was clearly seen.

In other words, a uniform accounting system was needed by the shoe retailers as it had been needed by the railroads and the printers. With such a system in use by shoe retailers differences in items would reflect differences in conditions rather than differences in accounting. The shoe dealers had no uniform accounting. This bureau set itself to work in the fall of 1911 to provide such a system. A joint committee composed of accountants of national reputation and of shoe men most representative in Boston and vicinity was secured. As a result of their labors and counsel and the work of the bureau, the Harvard system of accounts for shoe retailers was given to the trade early in 1912.

More agents of the bureau were out in the summer and fall of 1912 in the east, on the Pacific coast, and in the central west to explain and introduce the system and to secure figures direct

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from the books of shoe dealers. During the present summer of 1913, a larger number of agents has been sent into the field to cover with some care the ten states from which we had had the largest number of inquiries after the system.

Up to the present time, our attention has been confined in the main to shoe retailers of a rating of \$10,000 and more in places of 10,000 population and more. The sending out of circular letters has been extended to retailers rating at \$5,000 and more, and later still to those rating from \$3,000 to \$5,000, as listed in the Shoe and Leather Mercantile Agency general rating book for July, 1912, and January, 1913. But places of less than 10,000 population have not been circularized, although several hundred inquiries have come from these smaller towns. It is our hope that ultimately we shall be able to coöperate with the smaller retailers and the small towns; but since this field is expensive to reach, it has seemed advisable to undertake first of all the more promising territory.

Altogether, up to July 31, 1913, covering the two years and one month of operation of the bureau of business research, we have had 1,619 inquiries. To each inquirer a full set of the system has been sent, together with an explanatory form letter; and there has been a systematic "follow-up" of three letters to induce the inquirers to adopt the system.

We have distinguished for purposes of convenience "inquirers," "coöperators," and "adopters." From coöperators we have obtained information of much value in regard to their methods; and in the case of a considerable number of them we have had access to their books and figures which, although not kept on our standard system, are of value in our investigation. By adopters we mean those concerns which have installed our system of accounting and have furnished us with the confidential returns from their books. Preliminary circulars have been sent out to the number of 8,100; 1,619 have inquired for the system, and in addition there have been several hundred additional inquiries from outside the shoe retailers.

The following figures indicate the result in securing coöperators and adopters:—Of 344 coöperating stores, 188 stores have furnished schedules only and 156 stores have given both schedules and figures from their books. One hundred and thirty-four stores

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have adopted the Harvard system of retail shoe accounting and are furnishing schedules and figures. This figure of July 31, 1913, has been materially increased by the work of the agents during the present summer, but it is impossible to state at the present time the exact number.* It is interesting to note that of the total of 478 coöperators and adopters 405 or 84.7% were secured by field agents, and 68 or only 14.2% have been secured by mail.

A further point is worth noting as indicating the necessity of active persistence in securing data of this sort. Of the total number of coöperators furnishing figures, 290, the number who have passed a subsequent inventory date since beginning to coöperate, that is, from whom we should expect a new return of figures, is 166. Of this 166, only 54 have repeated and 32 of these repetitions were obtained by agents. Up to the present our field agents have been occupied in the main in inducing new concerns to adopt the system; but it is clear that, to obtain the desired results, it will be necessary for the agents to visit periodically the concerns that have already shown sufficient interest to send us their first figures.

The bureau of business research, utilizing the resources of the university—both physical for the location of the central bureau, and of personnel, since instructors connected with the staff of the business school give their time freely to this work—is enabled to conduct such an investigation with a minimum of expense. Nevertheless, the cost of this work is a factor not to be overlooked. The total expense of the bureau to the end of July 31, 1913, that is, for two years and one month, has been \$6,344.14; and the cost therefore per coöperator and adopter furnishing figures both to agents and by mail is \$21.87, or the cost per adopter, \$47.34. Naturally with the development of this work and the increased interest which is being shown in investigation, it may be hoped that the cost per unit will show considerable decrease; but, nevertheless, the fact remains true that the work of investigation, like that of most educational effort, does not readily pay its own way.

The real work of the bureau, however, is to get precise and reliable information about business. The introduction of the ac-

*On September 13th, the number of coöperators and adopters was 626 with returns from the agents not yet complete.

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counting system was a necessity incidental to the carrying out of this work. The number of adopters, or the cost per adopter, is therefore not the fundamental criterion of accomplishment. Information has been secured that could have been secured in no other way, and information worth having. When this is borne in mind, from the points of view of the school and of the public, the \$6,000 or more dollars, it is believed, have been wisely expended.

Preliminary information based upon the returns so far gathered has been published in the first bulletin of the bureau of business research, giving the object and history of the bureau in brief, with some data on the cost of retailing shoes. It is expected that a year hence another much more complete bulletin can be published, with a basis of accounting materials sufficiently broad to enable certain standards to be established. Even from the limited material already collected, standards are evidently emerging; and it is with some confidence, therefore, that we may hope to render this service to the industry.

Since the first edition of our accounting system has now run out of print, it has been found advisable to undertake some revision of the system in the light of the experience which has been gained in the field. It may be of interest to state briefly some of the points which have created difficulty and to ask for criticism and comment. One of the chief obstacles which we have met, as far as the system itself is concerned, has been not so much its complexity as its appearance of complexity. Therefore in the revision, effort will be made to shorten and simplify the explanatory pamphlet and to make the accounting schedule itself more self-explanatory. The present accounting form with the suggested revisions is herewith submitted (see page 91), and it will be noted that the chief changes suggested are as follows:

In the first place there is the question of buying expense. We are told that, except in very large concerns, it is practically impossible to determine buying expense. In smaller concerns much of the extra time involved in buying is done at odd moments when the proprietor or manager's time is not otherwise occupied. It involves not only inspection of samples and ordering, but also the examination of stock records and size-up sheets. It is proposed to meet the objection which has been made in regard to this

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account by substituting the account, "salary of manager or proprietor," and subdividing it into buying, selling and managing, asking for an estimated distribution of time between these items. This will have the additional advantage of making sure that the salary of the proprietor is included, which hitherto we have not been always able to secure separately and apart from accounts 10, 12 and 29.

A second point which has aroused much discussion has been the question of depreciation; and we have perhaps not made it sufficiently clear that we do not insist upon any particular method of depreciation, since this is not vital to our percentages of expense. We recommend three main kinds of depreciation, and we should like to know what method is used by our adopters. We merely emphasize that depreciation is necessary to the proper conduct of the business and that a statement regarding it should be made.

Another item is that concerning interest. Under our system, interest is deducted from net nominal profit under items 43 and 44, that is, it is not carried as an expense. It has been questioned whether or not interest should not be treated like rent and carried as an expense. If this were done, we should make sure that interest is charged, and it would also be clear that this item is a legitimate charge on business, whether as an expense or a deduction from net profit.

Minor points which are subject to change are the items covering returns and allowances (2 and 3) and freight and cartage. It is argued that returns and allowances are hardly worth keeping, since our 100% calculation begins at the net sale; and this is the item which we almost invariably secure because returns and allowances have already been deducted from the cash of the day in which the return is made; or if it be a charge account, the item of returns and allowances disappears in the customer's balance. In regard to freight and cartage, it is urged that freight and cartage is an expense and should no longer be deducted from the merchandise statement, on the ground that so long as freight and cartage is paid out of the store's till, it is logically an expense. As a practical matter, however, we have found it necessary to carry in our office two kinds of operating expense: one without the freight and cartage according to our system, and one

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with it, in order to meet the differences which we find in the methods of accounting among our coöperators.

It is furthermore suggested that the management expenses and fixed charges should be subdivided into two headings.

None of these changes already suggested affects the system vitally, but is simply in the direction of facilitating its introduction.

This work of collecting and disseminating information, now well established through coöperation between the dealers and the bureau, is primarily undertaken by an educational institution for its essential service in the study and teaching of the science of business. It is clear, however, that a wide adoption of the uniform accounting system will be of benefit to the coöperating dealer, since not only is he enabled to obtain by this means standards of comparison, but he is also able to obtain benefits which are likely to arise from continued close relationship with the bureau. Not only to the educator and to the shoe dealer are these results directly of importance; they will also serve the banker and the manufacturer in the intelligent extension of credit, thus indirectly benefiting the well-managed concerns in the business, and will further make possible the drawing of valid conclusions of great practical and theoretical importance in regard to the whole problem of market distribution of commodities.

The study of shoe retailing we hope will be followed by the study of a few other well selected and important commodities, and the investigation must include not only the cost of retailing but the cost of distribution on the part of the manufacturer and wholesaler. "The high cost of living" has attracted increased attention in recent years and has produced much speculation as to its causes. One important factor to be investigated in this problem is undoubtedly the cost of market distribution; but if economies are to be effected in this direction and if the public is to recognize the social and economic justification of the middleman in business, only a scientific inquiry such as this that Harvard has undertaken can make possible that knowledge of the facts which must precede any true remedy.

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No.....

PROFIT AND LOSS STATEMENT FOR

A. MERCHANDISE STATEMENT:

I.	(1) Gross sales.....
	Less: (2) Returns	
	(3) Allowances	
	Net sales.....	....

II. Cost of goods sold—

(4)	Inventory at beginning of period.. ..	
(5)	Purchases at billed prices.....	
(6)	Freight and cartage on purchases.. ..	
	Cost of stock handled.....	....
(7)	Goods on hand at end of period at billed prices.....	
	Less: (7) Discounts on inventory	
	(8) Depreciation and shrinkage	
	(7) Present inventory....	....
	Net cost of goods sold .....	....
	Nominal profit on merchandise ....	....

III.	(9) Discounts taken on purchases (really deductions from cost). .....	....
	Gross profit on merchandise.	....

B. EXPENSE STATEMENT:

I. Buying expenses—

(10)	Salaries and wages of buying force	
(11)	Other buying expenses.....	
	Total .....	....

II. Selling expenses—

(12)	Salaries and wages of sales force	
(13)	Extra selling.....	
(14)	Advertising: (15) Newspapers.	
	(16) Circulars ..	
	(17) Other, including displays	
(18)	Miscellaneous selling expenses.	
	Total

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III. Delivery expenses—	
(19) Salaries and wages of delivery force
(20) Other delivery expenses.....
Total .....	.....
IV. Management expenses and fixed charges—.....	
(21) Rent .....	.....
(22) Heat .....	.....
(23) Light .....	.....
(24) Power .....	.....
(25) Repairs and renewals of equipment .....	.....
(26) Depreciation of equipment.....	.....
(27) Insurance on stock and equipment .....	.....
(28) Taxes and licenses.....	.....
(29) Management and office salaries.....	.....
(30) Office supplies and expenses...	.....
(31) Miscellaneous management expenses .....	.....
Total .....	.....
V. (32) Losses from bad debts.....	.....
Total operating expenses .....	.....
Net profit from operation .....	.....
C. OTHER BUSINESS PROFITS (OR LOSSES):	
I. (33) Repairing: (34) Receipts.....	
(35) Labor .....	.....
(36) Materials .....	.....
Profit (or loss) on repairing...	.....
II. (37) Hosiery: (38) Sales	
(39) Purchases .....	.....
(40) Expenses .....	.....
Profit (or loss) on hosiery....	.....
III. (41) Extraordinary profits or losses (not connected with operation)....	
Total other business profits (or losses).....	.....
Net nominal profit of the period .....	.....
D. NET NOMINAL PROFIT APPLIED TO:	
I. (42) Interest on borrowed money.....	.....
II. (43) Interest on capital or (44) Dividends on capital stock.....
III. (45) Final net profit, or surplus.....

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DISCUSSION

MR. J. EDWARD MASTERS (Massachusetts): We have listened to Dean Gay's paper with a good deal of interest, and it has been an education to us to learn about the work which the Harvard college and the business school there have been doing. I presume that accountants realize perhaps more than other people the difficulties that are experienced in endeavoring to obtain uniformity in accounts. That has been stated very emphatically in Mr. Gay's paper; but it seems to me that there are a good many encouraging features and good reason to hope that there will be decided progress in future. The uniformity which has been obtained through the interstate commerce commission and our public utilities is gratifying, and I think that we may hope that in the future business organizations, aside from those which are controlled more or less by central authorities, will begin to realize the necessity and the advantage of uniformity of accounts and will, if not through some central authority such as the government, enforce uniformity in stating the accounts.

Accountants perhaps would not agree on the particular questions as to classification which were pointed out by Mr. Gay; otherwise he would not have had the difficulty he had in connection with the item of interest. It seems to me that the classification of interest which has been adopted in the Harvard business school is the proper one. The inclusion of interest as an item of expense seems to me wrong, because some of the same reasons might be argued for the inclusion of dividends, interest on bonds and capital as an expense, which does not seem a logical or proper classification.

The classification of freight and cartage seems to be clearly an item of expense in the operation of the business, and it has been so classed in the form which I have here. Returns and allowances also are properly a deduction from the gross sales. Of course the item of returns and allowances differs very much in different classes of business, and, while in some kinds of business it is rather insignificant, in others it is large. Therefore it is desirable to adopt a uniform method in treating it as a deduction from sales, because it will probably be recognized that where there are many returns and large allowances—as in the hardware business—it would amount to a great deal of money. If the

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gross sales were used as a basis it might give a false idea as to the operations of the business.

As to the feature I first spoke of—the encouragement that we may feel from the success that has been already obtained in regard to the uniformity of accounts—it has occurred to me that good results might be obtained, because of greater obligation to the public, if the uniformity of accounts were taken up with organizations depending upon public support, such as hospitals, charitable institutions and colleges. Of course municipalities have, as you all know, done more or less along that line. But municipalities can be controlled if the proper authority is obtained. Public institutions owe much to the public, and the obligation* that they owe in the way of publicity as to expenses would be a very good field for working up the idea of uniformity and creating more interest. Something of that sort has been done in the case of hospitals, for instance, in St. Louis. Practically all the hospitals there, I think, have adopted a uniform system of accounts. In Philadelphia there are some hospitals which have adopted an improved system of accounts, and along certain general lines of uniformity, although there is no central organization there, so far as I know, where the information and statistics concerning accounts of hospitals are brought together and then disseminated, as I understand is done in St. Louis.

Accountants are in a unique position in regard to uniformity of accounts, particularly at this time, because the interest in the question among railroads, public utilities and business people is increasing. This offers an opportunity to further this movement with the hope of very great success. The results of the Harvard school confirm that idea, particularly in view of the fact that, as I understand it, the primary object of the movement was for the information and use of the college. If it were taken up in other ways, where the object would be primarily the benefit of the business affected, it might appeal more to business people and therefore would naturally receive more support and coöperation.

Here is a broad field for education; and in this accountants can be of great use to the public and the business world particularly. The work which the Harvard business school is doing is of vast importance and of great interest to accountants and is something in which we can very heartily coöperate.

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MR. HARVEY S. CHASE (Massachusetts): If Dean Gay is willing, I should like to ask him three questions.

In the first place I might say that, as he knows, the American Association has had for a number of years a committee on uniform accounting, particularly with relation to municipal corporations and other public services. Reports have been made by that committee from time to time and schedules like this have been submitted. Most of those schedules have related to the big public service corporations like the telephone, the gas industry, waterworks, electric light companies and street railways. The work that has been done by the association in this way has been introductory, and has been developed by public service corporations and associations themselves to a very great extent, particularly in the telephone business and street railways.

In looking over this schedule, which is admirable, there are three points that occurred to me in the light of previous schedules. The first is the question of maintenance, as distinguished from operation, which seems to be a very important separation and distinction, and has been so considered in practically all of the schedules to which I am referring, but it is not made here. Nos. 25 and 26, repairs and renewals of equipment and depreciation of equipment, are included as management expenses and fixed charges. I think, if we take exception to the schedule at all, we should take an exception there. I know that in a business such as this, the retail shoe business, the necessity for separating maintenance from operation is not as great as it is in public service corporations; and yet it seems to me it is quite important. As those schedules and the municipal schedules all have followed that distinction, it would be well perhaps to consider the matter; therefore I ask Dean Gay how that has been taken into consideration and why there is no separate heading of maintenance, as such, distinct from operation—operation being an actual cost of running a business, and maintenance being the cost of keeping up the plant. That distinction is important in all uniform accounting.

In the second place Dean Gay speaks of the expense statement and division into buying, selling, and delivering. I imagine he has had considerable difficulty there. In fact, I think he so stated in his paper. Now, while it is desirable to have that information,

if possible, it hardly seems worth while, as I see it, to place much emphasis on it. I think it would be better perhaps to simplify the statement; and I would ask whether or not he has found the difficulties almost insuperable in making those separations.

And third, of course, is the question of interest, of which Mr. Masters has already spoken. That is a question which was very thoroughly threshed out by our committee during the past year, in connection with public service corporations and municipalities where it is fundamentally important. In municipalities the provision for capital is usually the sale of bonds on which interest is paid. You may issue \$500,000 bonds, and if the interest on those bonds is charged as an element of expense it is a considerable factor. In a private service corporation, however, the element of capital stock plays a large part, and, of course, plays the same part as the issue of bonds in the municipality. Now, if in one case we charge interest, and in the other case we do not charge payments of dividends or other returns on the capital stock, we lose our particular comparison at once. Therefore, in all these comparisons between municipalities and public service corporations the item of interest should be treated as a separate matter, as a fixed charge, and taken out separately and after everything else; then we can compare the differences. Of course a complication arises in public service corporations because they have both bonds and stocks; and there again, if you put in the interest and do not put in the dividends, where do you draw your comparisons? While that does not play so important a part in an enterprise of this sort, it still does play an important part, and it would be well, it seems to me, to follow what has been adopted by the uniform accounting public service corporations and many other corporations. So my third question is to ask Professor Gay what led him to say that in his view interest should be an item of expense and should be so included.

DEAN GAY: When we undertook the planning of this accounting system we were aware of the very important work that had been done in connection with uniform municipal accounting, and one or two of those connected with this work looked up the question of the public service utilities. The question of the separation of maintenance from operation, I remember, was brought up once and rather too briefly dismissed as not being a matter of con-

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siderable importance in this type of uniform accounting. It is of much more importance, as Mr. Chase has said, in many other activities than it is in the retail business. It may be that it should be more carefully distinguished, but it seemed to us at the time a matter of small importance for this particular type of uniform accounting.

We have had a good deal of question as to whether we ought not to cut or very much simplify the problem of buying. Selling, of course, is another matter. We were inclined at the beginning of this summer to think that we ought to simplify very much, or omit it entirely; we were told so often that we could not estimate it, that it was looked upon as a minor matter, and ought to be omitted. But as returns came in from our agents in the field we found less and less difficulty. By going into the field and investigating the matter they have been able to make some apportionment of the buying expense. We are able now to make a better division than we at first thought possible; and at the close of this summer's labors we are more inclined to maintain our schedule than we were at the beginning. The institution, however, still is somewhat in doubt.

I confess myself guilty of saying and thinking, perhaps on insufficient authority, that interest should be included theoretically as an expense. I believe there are some accountants who think so, too, but I would not be willing personally to maintain an argument with Mr. Chase on that question.

MR. T. EDWARD ROSS (Pennsylvania): I would like to consider the question of rent. In one case a dealer has rented his store; in another he owns his store, and possibly has a mortgage on it. In one case we find that a man pays rent; in the other case he pays interest—so that those two items, rent and interest, are to a large degree similar. It is a question if we should have rent under management expenses any more than we would have interest, unless an allowance has been made to cover that item in case the dealer owns the store.

MR. ENOS SPENCER (Kentucky): There is one point here that I think is wrongly stated. I refer to discounts on inventory, depreciation and shrinkage, and the net cost of goods sold. The net cost of goods sold should be taken after putting down the goods on hand at the end of a certain period. Then the depre-

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ciation by reason of shrinkage should be set up as a separate item and deducted from nominal profit on merchandise, or taken in as an extraordinary profit or loss under paragraph 41.

I dislike the word "expense" used throughout this paper. In merchandise accounts "expense" has been guilty of covering a multitude of sins, and I think it is time it were eliminated. Instead of saying expense, why not say buying cost and selling cost, and so on?

Under paragraph 32 we find losses from bad debts included in operating expense. It seems to me that this should be taken out and put under "extraordinary profit and loss."

MR. C. M. WILLIAMS (Washington): In the state of Washington we have a uniform accounting act which is a laughing stock. The governor of the state is a certified public accountant, and he is heartily in favor of having a commission of certified public accountants to administer that law, but he has not been able to achieve that purpose. However, I believe at the next legislature we can have the matter regulated.

This is a little out of order, but we need your assistance. I believe you have in Massachusetts a uniform system of accounting. I corresponded with different officials of Massachusetts and I believe they are conducting it well. Washington is in a position to receive suggestions from you which I believe would enable the next legislature to provide that the accounting system must be controlled by certified public accountants, as it should be.

MR. CHASE: I think that Washington perhaps expects to get along a little too fast. It took four years to get our act through the legislature in Massachusetts, and then we had to get it through in comparatively skeleton form. Yet this was after the Ohio act had gone through and had been shown to be a marked success in improving matters in municipal accounting and municipal operations.

I think we have to look at the question in a very broad way. The immediate result of uniform accounting laws is not to increase the business of public accountants; it is to diminish it. It was so in Massachusetts, if I may quote my own case. We had been doing a considerable business in municipal accounting and reorganization of individual cities. We came to the conclusion that it would be impossible to bring about permanent results in

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the cities in this state unless there was a central accounting bureau to handle them, with authority to compel the system to be continued. The tendency is very strong constantly to make changes, and a central authority is necessary.

A bill in relation to uniform accounting in cities was prepared and put before the legislature of Massachusetts, and the biggest committee room in the state house was not big enough to hold the representatives of cities and towns who came down here to oppose it. They said it was antagonistic to home rule; that it was a theoretical proposition; that no two cities had the same problems; and that there could not be any improvement, and none had been made. It took four years to fight that bill through the legislature. But since the act went into operation these same gentlemen have publicly said that there had been no other movement which had benefited the municipalities of this commonwealth so much as the uniform accounting bill. When they found it was not an interference with home rule, that it was not an attempt to administer the cities, but merely an attempt to compel the administration to tell what had been done, and to tell it in an intelligent way and in a way that would permit comparisons, they were in favor of it. So I do not think the state of Washington nor the public accountants there should be discouraged.

You may remember that the first uniform municipal accounting was put into effect in this state, in Newton, in 1899. One of the gentlemen who had to do with matters in those early days, and who is now the secretary of our commission on accounting efficiency in Massachusetts, is here, and I should like to suggest to the president that he call on Mr. Ernest Maling.

MR. ERNEST MALING: I think that the net result from the agitation for uniform municipal accounts can be shown to be an advantage. There have been things that have developed with it which perhaps were unsatisfactory, but there have been many benefits.

In working toward uniformity, one of the first things that had to be encountered was the lack of adequate accounts. Before attempting uniformity it became necessary to decide what were the factors in the administration of a city concerning which information was needed in order properly to conduct that city. That question itself caused a great deal of discussion, and the

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result of it has been that the accounts of cities have been made more complete. One of the advantages as the result of the agitation for uniformity has not been uniformity itself, but rather an increase in the amount of information which it places upon the books of the municipality and which will be of interest to outsiders.

The cities had the habit of making account merely of appropriations or grants of money to the several departments and executive officers for the purposes of those departments. It had been a custom to make disbursements from a given appropriation for many different things, some of which belonged in the expense category, and others in the capital accounts. Under the old methods no distinction between the two was made. Furthermore, no attention was given to the difference between those things which had to do with maintenance and the upkeep of property (which in the case of a municipality is very important) and those things which clearly were operating expenses.

The uniform system of accounts is not a panacea for all municipal ills. It will not furnish matter for making all kinds of comparisons between different cities; but uniform accounts will give better information than one can hope to get by differing systems of accounts. There is a certain number of fundamentals common to our cities, and if accountants bear these in mind they can develop a fund of information which will be of advantage to those who wish to study municipal problems in a broad way in order to determine the tendencies in the conduct of government. They will also provide information in which each city is interested, apart from any comparison which it may wish to make with other cities.

Perhaps the most noticeable thing now is the fact that this agitation has tended to develop a more complete and adequate account and has paved the way for developing more nearly standardized accounts. The time is some distance away when our accounts in municipalities will have been so far standardized that comparisons among the several cities can be satisfactorily made, but we have come to the point where one city can take its own experiences for one year and compare it with the experiences of preceding years. One who studied the condition of municipal accounting before this agitation realized that many of our cities were failing to make a record of many of their out-

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standing obligations, particularly temporary obligations as contrasted with the funded debt. They considered these things of small moment, something that would certainly take care of itself, so they did not make the proper record.

The agitation for uniform accounts, laying emphasis upon the needs of every city adequately and properly to keep a record of forms of debt, has induced many cities to make proper entries of their indebtedness.

Illustrations might be multiplied. I mention indebtedness to show that the agitation for uniformity applies to capital accounts as well as to operating accounts. If I had been forewarned I might have scraped my memory for some interesting experiences.

DEAN GAY: I wish to thank you for giving me this opportunity to tell you about our work, and for the interesting suggestions which we have had. Also, I wish to ask that any criticism or suggestion in regard to this plan which we are now revising or any statement of fact in regard to statements of uniform accounting of which you may know be sent to us. I should be very glad to learn, for instance, about the uniform system of public accounting which has gone into effect in St. Louis. In one or two other places similar plans are on foot, or are being discussed, but I found it difficult to get at the facts.

MR. CHASE: A vote of thanks should be given Dean Gay for his most excellent and instructive paper. Knowing how busy a man he is, I think this association should duly appreciate it. I, therefore, move that a standing vote of thanks be given to Dean Gay.

(The motion was seconded and unanimously carried.)

(The meeting adjourned.)

The Development of Systems of Control

BY F. R. CARNEGIE STEELE, C.P.A., F.C.A.

All modern progress tends towards an intensification of production. Under such conditions money is made more quickly, but also is lost more quickly. Not only competition, but the higher pressure of operation emphatically demand prompt and accurate knowledge, on the part of an owner or executive, of a great many things that might be safely guessed at a few years ago. In the past, the application of wonderful mechanical devices and the constant desire for increased output have led to the organization of enormous industries in order to minimize the effect of competition and develop the principle of "mass production" or increased tonnage, but such great industries will not be able to pursue that policy indefinitely, and efficiency in the future must take into consideration not only the expansion of production, but also the elimination of waste in production, so that administrative energy may be constantly directed towards the study and interpretation of operating conditions, and the conservation of materials, forces and men.

This thought was emphasized by President Woodrow Wilson, who, in his inaugural address, said, "We have studied, as perhaps no other nation has, the most effective means of production, but we have not studied cost or economy." Again, the *New York Times* recently stated in relation to tariff changes, "If the new tariff rates are enacted, the manufacturers of the country must have resort, not to the artificial protection of the tariff, but to the natural protection of their own abilities as managers, and of the skill and industry of their workmen, both alike contributing to a higher efficiency and lower cost of production. This means that factory methods must be re-examined to the end that waste of effort and materials may be cut off, that the best modern methods may be applied."

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While the modern tendency towards intensified production has led to vast industrial expansion and to the creation of costly and complex manufacturing plants, it has also brought into existence correspondingly complex problems of management, so that the increased investment and the increased cost of maintenance call for constant productive activity and for the utmost economy in production, in order to realize an adequate profit or even to escape a heavy loss. Intelligent economy, however, is dependent upon accurate accounting for development and guidance, because the basis of efficiency is knowledge, and in commercial matters, particularly in the affairs of the factory, this means a close watch upon detail, and at no time has this care in supervision been more essential to success than at present. Moreover, under modern industrial conditions, the specialization of workmanship, the division of duties, the limiting of subordinate responsibilities—each restricted within narrow limits by sharply defined regulations—have undoubtedly reduced the variety of operations of the individual workman, but they have vastly increased the responsibilities of the executive, consequently it has become impossible for an executive personally to supervise the acts of each employee, and there is being established a new relation in executive responsibility, and a pressing need for counsel in determining the true effect upon operating results of every economic factor and of every business policy.

As a result of this new condition, a corresponding development is taking place in the science of accounting. Like other specialized branches of knowledge, it is continually improving and becoming more efficient, and the fact is being recognized that the simpler accounts of earlier days are quite inadequate in modern industry. Costs, which are incurred on a much larger scale for the purposes of larger production, are also incurred in less simple ways, so that analytical methods of accounting have become essential to any continuous, effective grasp of the workings of modern business. The old accounting is, of course, incorporated in the new. The cash book and the profit and loss account and the balance sheet are substantially what they always were, but the new accounting intervenes between the original expenditures in the former and the final results in the latter, to distinguish between profits and losses, and to trace wastes and to compare efficiencies. This

principle of analytical operating accounts is applicable to all productive operations: equally to all factory operations, to mining and smelting, to agricultural operations and wherever human labor produces materials from the earth or converts them from one form into another. The new accounting, therefore, is deeply concerned in the investigation of the auxiliary expenses of manufacture which will lead to the determination of proper standards for them, and it takes cognizance of the manner in which, in practice, there have been variations from such standards and of the changes in conditions governing them. Modern industrial organization, in fact, requires that there shall be a very close relationship between the accounting department and the factory, in order that there may be exercised an immediate influence in the direction of the elimination of waste, for where there is constant pressure to perfect the accounting there is of necessity constant pressure for good organization and a consequent economy in production. Through the use of highly systematized records, modern accounting methods have become, in short, instruments of precision, to an extent unguessed by those who have not followed their recent developments, which all constitute logical steps in a system of analysis and organization tending towards a high degree of industrial economy. Without doubt, it is the invention of machinery that has made necessary this evolution of system, but the latter is not an imitation or repetition of the former; it is a supplementary and completing development, for system neither manufactures nor sells, nor keeps those two activities in adjustment with each other, yet it facilitates all of those things. A system, of course, should be a unity, and no statistics should ever be accepted on which action is desired to be taken that are not interlocked with and vouched for by balancing with the financial books.

Systems of operating accounts and records should be formulated with a single guiding principle—that they must furnish *means of control*. The means of executive control must be knowledge of the workings of the business of which one is the executive head. This implies a current and a classified and more or less detailed knowledge of the results of the work of the whole body of subordinate officials, and it implies a current knowledge of the effectiveness of the final work of the executive himself, namely, the direction of all the activities of the business to the

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desired profit-making ends. There is no more important subject to be considered than the question how far executives commonly possess such knowledge and the ways in which it may be systematized and perfected. Four qualities in it will largely determine its value :

- 1st, Its fulness.
- 2nd, Its promptness.
- 3d, Its form.
- 4th, Its *known* reliability.

Other things being equal, the value of knowledge must depend on its fulness, and it is equally important that it shall be knowledge of the immediate present and not of a time which is past. Upon the form in which such knowledge is communicated depends the possibility or facility of grasping its significance, and the use that one dares to make of it depends upon the assurance one feels as to its accuracy.

The ordinary profit and loss account usually sums up the results of a multitude of operations during a comparatively long period. In some respects it has the characteristics, and in some respects it has exactly the opposite of the characteristics of the information which should be the means of executive control. It expresses the results of a group of transactions in a single figure, it contains within itself the verification which is the result only of double-entry bookkeeping, and it is ordinarily and substantially of accepted reliability. On the other hand, it groups the results of very various operations in such a way that it may include the good, the bad and the indifferent, and there is nothing to show the distinction between them. And further, it states results after masses of transactions have been brought to their conclusions, and the conclusions are beyond further influence or change. The executive must have the means of distinguishing promptly between the good and the bad, and must do it while the operations are in the stages where they can still be guided to the conclusions which are desired.

It is clear that the annual profit and loss account shows the sum of all the profits that have been made, less the sum of all the losses that have been made, and if these can be separated, then the distinction between the good and bad is beginning to be made.

Now the separation of profits from losses is capable of being made in two distinct ways, each of which has great usefulness. As the cost of each contract, or of each article sold, is determined, every billing to a customer has an ascertained profit or loss. Gains and losses, however, do not consist alone of margins between selling prices and essential (*i. e.*, proper and necessary) costs. There are gains and losses which it is possible to charge (and which from a certain point of view may be accurately so charged) to specific units of product, which are yet more properly and much more advantageously separated and grouped under headings significant of their causes. Undue shrinkages in materials; defectives above normal percentages, according to the character of the articles and the liability to defects in manufacture; expenses which are directly traceable to mistakes in the department responsible for design, or the department responsible for the supply of materials, or the department responsible for the manufacturing; all these are hidden if they are included in the cost of the articles manufactured, and are disclosed for criticism and investigation if they are charged to accounts which, by their titles, clearly indicate of what nature the losses are.

All of these things relate to a subject which calls for the highest qualities of administrative and accounting skill, *viz.*, the elimination of waste in production. In the conduct of most industrial enterprises there is, as yet, no adequate recognition of the possibilities of savings in modern manufacturing processes, and of the means to be utilized in the detection and prevention of waste, through the investigation of the auxiliary expenses of manufacture. Without doubt the vital purpose of all operating accounts is the elimination of waste in the employment of the resources of production, and the essential character of such accounts, therefore, is exhaustive analysis, that is, an analysis of expenditures as well as an analysis of the conditions under which expenditures have been incurred and results have been obtained. This end can only be accomplished by the full development and coördination of the energies and abilities of many classes of workers and cannot be accomplished if the accountant unduly restricts his survey and limits his purpose. Moreover, if accurate classifications are to be made, the accountant must have more than a superficial knowledge of the things classified, and if the object of operating ac-

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counts is to disclose waste in order that waste may be eliminated, then the accounting must not terminate abruptly on the surface of operations or at the outward aspects of any department, but must furnish a current revelation and interpretation of actual operating conditions.

Merely determining the costs of products may be accomplished, even where there is no thorough knowledge how far scientific standards of economy are departed from, or what possibilities of savings unfold themselves and pass unheeded for lack of trained observation. To arrive at the separate cost of each product is, however, only one step. Wherever this, and this only, is accomplished, the fact that the cost of the same thing varies from time to time, of course, will be disclosed. It may vary only a little, or the variations may be very wide, and some causes of these variations will be discoverable from such limited but true cost accounts and some will not. If, for instance, a shoe manufacturer should purchase upper leathers and sole leathers and cut them up and make them into a certain kind of shoes, and, when the operation had been completed, learned only that the shoes had cost so much per pair, such information would leave much to be desired. No light would be thrown on the value secured in purchasing the leathers, or on the efficiency of the cutting operations, and it would be doubtful whether repeating the operation would again give the same cost or a different one. Obviously, the records for the sorting and cutting of such leathers ought to show the gains and losses which are highly significant of the values secured in purchasing and in cutting. Not only in the shoe industry, but also in many others there is no difficulty in separating these gains and losses that are caused by materials varying from standard qualities, and the accounting system should always be governed by the necessity to state figures which are significant of causes and effects if it is to be serviceable for purposes of control. And there are many manufacturing wastes which can only be detected and prevented by still greater refinements of analytical investigation. Wherever a factory is using raw materials which depend, as to facility of working, or as to the quantity or quality of the product obtainable from them, upon chemical characteristics, there is presumptive need for a systematic laboratory control. The chemical analysis of such materials, together with whatever physical

tests may be proper and necessary, should establish all variations from a standard quality, or from the quality which corresponds to the particular price paid, and the accounting plans should provide means for determining the value of these variations and for stating them as separate gains or losses. This, at the outset, establishes the principle that causes affecting costs are not to be confused with each other, but each dealt with separately and its effect intelligibly stated. As a simple illustration of the development of this analytical principle, it may be mentioned that a certain corporation in Massachusetts, whose annual expenditure for the item of fuel alone exceeded \$250,000.00, recently inaugurated a system of chemical analyses and boiler tests of fuel in order to ascertain exactly the relative efficiency of various grades of coal used and the number of their heat units per dollar of cost, with the result that a saving of more than twenty-five per cent. was effected, while the same corporation also found it highly advantageous to adopt similar methods in regard to its purchases of cylinder and engine oils.

For purposes of administrative control in the conduct of all productive operations, the study of the causes of shrinkage, or loss, or waste of materials in the processes of their conversion from the raw state to the finished products is of the highest importance. Such losses, of course, may be entirely physical and visible and separated, as are all kinds of cutting losses, and they are then subject to one or another kind of physical measurement. They may be minimized through improvements in design of product, through care in avoiding spoiled units of production, through efficiency in the purchase, care and issue of materials, and through seeing that materials are not allowed to become obsolete, but their occurrence and their incidence should always be clearly defined in the system of accounts. On the other hand, they may be either physical or chemical and not visible, as in the case of materials which may be washed away in solution or not in solution, an example of which occurs in the paper-making industry. Consequently, all manufacturing wastes, except those which are visible and to which physical measurements can be applied, call for laboratory investigation if they are to be analyzed and assigned to their various causes. Accounting can, generally speaking, determine the quantities of such wastes and show their

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rise and fall, indicating general efficiencies and showing net results, but it is through the work of the chemist in conjunction with process accounts that certain causes and their operation can be traced and connected with money values and with their ultimate effect upon profits. Prior to the advent of the chemist in iron foundries, little definite information existed as to the cause of the foundryman's troubles from bad castings. Pig iron was bought on fracture, and, to correct "hard" castings, cracks, shrink holes, etc., rule-of-thumb methods in changing the mixture were followed, with varying degrees of success. A short while ago, a New England foundry had an epidemic of cracks in its product, which only became apparent after machining, when it was too late to check the heavy loss that resulted from defectives. The usual resort to changes in the cupola charge was had, without avail, and then a chemist was consulted. Samples of all the pig iron and coke were analyzed, and, to the surprise of the foundry foreman, much of the iron was found to contain sulphur and phosphorus in excessive amounts, while a dearth of silicon appeared in other lots. With the analysis at hand, however, it was an easy matter to calculate a cupola charge that produced satisfactory castings while using up the poor iron. Subsequently, purchases of pig were made on analysis, all shipments were sampled and analyzed, and the raw material being known, it became a routine matter to control the cupola output.

In the conduct of business there are two things the value of which is perfectly established and is not questionable. One is the judgment developed in the course of the long experience of the practical man, and another is the systematic comparison of the figures of a business from period to period. Therefore, in any industry involving chemical processes, if the chemical facts are definitely related to the varying financial results, the observation and memory of the practical man are developed into exact and inclusive and recorded knowledge, and most valuable comparisons, which deal not only with results, but with the causes that lead up to them, then become available.

In developing the principles of administrative control, consideration must be given also to another kind of waste or loss which is by no means customarily separated in the operating accounts, but which usually can be separated, and with advan-

tages that are not yet fully recognized, namely, the cost of factory capacity not operated. Losses from under-operation of factory capacity are just as much actual losses, and have just as sure an effect on the profit and loss account as losses from waste of materials, for instance, or from bad debts, and to guard against waste of factory capacity is as important as to guard against waste of materials.

The statistical study of what is actually taking place in industry, and the observations of practical men, themselves actively engaged in manufacturing, coincide as to the diminishing importance of labor as a factor in cost. On the other hand, as the importance of machinery and equipment as a factor in cost increases, it becomes much more essential than it formerly was to ascertain all the facts regarding the current use of such equipment, to the end that when from any cause machinery is not wholly and fully employed, the cost of such wasted factory capacity may not create wholly arbitrary variations in the cost of individual operations. When, however, these fluctuations are eliminated, costs are on the same basis whether the plant is busy or idle, and the executive knows at how low a price he can afford to accept an order so as not to lose on it, while the separation of the loss due to idle capacity into a separate item in his accounts enables him to see also the exact measure of his need for more business and to shape his quotations accordingly, after giving due consideration to whatever may be involved in the alternative sacrifices of lower selling prices or partial idleness.

And, wherever volume of business presses upon the capacity of a plant, its full utilization becomes as much a matter of immediate income and expenditure as the expense of materials or labor—of income, because that depends on maximum output, and of expenditure because the cost of adding to plant depends upon the adjustment of such additions to actual needs. When sales rise or fall, manufacturers naturally expect a rise or fall in profits, but it is a matter of experience that they are often surprised, and sometimes incredulous, at the extent of the effect that has been produced in the one direction or the other, though it is plain that the manufacturer is always paying a part of the cost of every unit of a maximum product, and, when he sells less than the maximum, he is paying for something which does not become available to

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sell again. Nevertheless, attempts to fix sale prices on the basis of shop need have hitherto been largely nullified by the use of varying percentages in distributing so-called "burden," because in all percentage systems the cost of factory capacity not operated has been obscured in, and charged along with, utilized capacity, as an increased total incidence of expenditure. When the "costs" on such a basis are highest, the need of the shop for more business is greatest, but if prices are raised because costs are higher, business is lost, as the customer cannot be made to pay for bad business conditions in the factory. The full operation of a factory depends upon engineering and mechanical and commercial efficiency. If the cost of falling short of full operation is constantly and clearly stated, the units of idle capacity being identified and the causes traceable, a very different result is apt to follow from that which may be expected where merely vague ideas exist or, indeed, where any condition is expressed in terms less forcible than those of dollars and cents.

In briefly reviewing the subject of systems of control, and in considering the question how far executives commonly possess current knowledge of the direction of all the activities of their business to the desired profit-making ends, and how such knowledge may be systematized and perfected, it becomes evident that with modern accounting the annual profit and loss account can be split into its significant factors, and these can be expressed almost day by day for the information of the executive in such form that no vital aspect of the things which are transpiring shall escape him, and yet without overburdening the administrative head of even a very large business. There is, of course, much current information which should also be furnished to the manufacturing executive, but which is not disclosed by any division or analysis of the profit and loss account, because the items of it do not primarily relate to any factors of the latter. Such are the capital expenditure or investment in plant, and the rise and fall of the volume and consequent value of storehouse materials, and of work in progress, and of finished goods on hand. Then there is all the statistical information concerning sales. And finally there are the things which do not immediately affect either profit and loss or capital accounts, but which are of great importance because of their effect upon prospective

business, and of this nature is the matter of delay in shipping goods, or in bringing contracts to completion. But, unquestionably, the executive requires and should have the means of knowing currently, and as fully and promptly as possible, where profits are made and where losses are made; the points in the operations, the times and circumstances of undue shrinkage, or waste, or breakage; the development of qualities in design or material, or labor, or organization, by which an increase or decrease in the quantity or quality of the product is caused; the times and circumstances and the cost of unused factory capacity; the measure of the accuracy of the work of estimating, as disclosed by comparison of estimates and subsequent costs; and so on, according to the vital aspects and the turning-point of gains and losses in the processes and ramifications of the industry dealt with. For administrative purposes, the measure of advantage to be secured in all of these things must depend upon the foresight which makes it possible to deal with them with deliberation and not in the hurry of emergencies, and this foresight is impossible, except through the means of exact records, developed under a proper system of control.

DISCUSSION

MR. G. L. BISHOP (Massachusetts): Mr. Steele has so admirably set forth the development of systems of control that only one or two problems have not been touched upon, and I desire very briefly to deal with one which to my mind is capable of considerable development beyond its present-day condition.

Mr. Steele says:

The statistical study of what is actually taking place in industry, and the observations of practical men, themselves actually engaged in manufacture, coincide as to the diminishing importance of labor as a factor of cost.

Interpreted in the light of Mr. Steele's paper, as the use of machinery and equipment increases in manufacture, the use of labor diminishes, and accordingly the proper treatment of the expenses incident to the operating of the machinery and equipment is of more importance than the treatment of the labor cost. I believe that this is largely borne out in practice, but I cannot agree to the proposition that machinery and methods have been so far

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developed, or may in the near future be so developed, as to enable us entirely to disregard the factor of labor in dealing with problems of control.

Mr. Steele also says:

The accounting must not terminate abruptly on the surface of operations, or at the outward aspects of any department, but must furnish a current revelation and interpretation of actual operating conditions.

This is particularly well put, but this "current revelation and interpretation of operating conditions" must include a proper exposition and intelligent recording of the conditions which apply to the human factor beyond its place in the determination of costs.

In seeking to improve methods and processes for the elimination of waste as a factor of costs only too often is the consideration of the human factor almost totally disregarded. Practically every question of cost is bound up with that of the efficiency of the workmen, and no change of method or process which first does not seek properly to instruct, and to interest, and to control the works staff will have the slightest hope of success.

One of the first problems of control which should be considered, especially as relating to factory organization and development, is the effect of the proposed methods upon the industrial relations of the enterprise, since the stability of the industrial relations is of equal importance in the development of systems of control with manufacturing or distributing ability, for without this stability of relations between employer and employee the enterprise cannot hope to realize the full of its endeavors.

This development and its attendant recording must consider the great question of the relations of the enterprise as between its works organization, the management, the conditions of employment, beyond the mere recording of the details for the calculations of the cost of product.

Scientific methods have been applied to nearly every problem of manufacture, but there has been no concerted effort to apply similar methods of science to the human relationship in industry. This problem is one whose scope is not confined to the particular enterprise. It often extends to a problem which is of vital importance to people not in any way connected with the enterprise, and it cannot be gainsaid that it is within the treatment of this

problem that scientific management frequently fails to be adequately scientific. Nothing should be further from our minds than that men and women should be turned into machines or expected to act like clockwork. What they think, and know, and feel, and why, should all be as much a matter of clear statement and intelligent study as questions of wages and machinery considered as merely physical or financial factors.

I do not intend to convey the idea that we should hold a brief for the laborer, but I do believe that in considering the development of problems of control we should take into account wages, hours, and all the conditions and circumstances of employment as concerning men and women rather than as merely physical or financial facts, and try to eliminate wrong methods of work and assist in bringing about that mutual understanding which, based on right conditions, will insure stability of industrial relations.

In the further development of this particular question, especially in investigations for investors, the audit of the industrial relations should form an important feature of the investigation, and, doubtless, we all know that such an audit would eliminate the stock of some concerns from consideration as investments, because it would reveal the certainty of troubles which, as matters now are handled, are quite unforeseen, but which should be provided against; and a clear certificate as to the industrial relations would most certainly enhance the investment value of the securities.

The fact that such an audit may not always be expressed in figures need not detract from the possibility of its accomplishment, but it does call for that impartial study of conditions for which the accountant, through his training and experience, should be especially qualified.

There are some who believe that even now we are entering upon an era of great industrial disorder. There are others who as firmly believe that an era of great industrial peace is opening out before us. I am one who holds to the latter opinion, and I believe that those of us who are engaged in the development of problems of control as applied to industry are afforded an opportunity far beyond that vouchsafed to the members of any other profession in becoming a tremendous factor in bringing about this greatly to

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be desired situation. It is not impossible to conceive that the diagnosis of industrial troubles and the discovery and application of the remedies therefor should fall within the field of the progressive accountant in his newer and increasing capacity of business economist, and so far as we proceed in the development of this work in removing the causes for industrial disorder, so much the more will the work of the accountant become recognized as being of importance to the community beyond the mere compilation of statistics and seeking for errors in books of account.

MR. ARTHUR TAFT CHASE (Massachusetts): On the fourth page of Mr. Steele's address we have a list of four points, considered apparently in order of their importance: first, fulness; second, promptness; third, form; fourth, known reliability. It seems to me that the fourth should be first. When devising a system to assist manufacturers to make out forms for census returns I find that this question of reliability is of essential importance and that it is too little considered. It seems to me this matter of known reliability should be emphasized at the beginning of the list.

MR. STEELE: I sympathize with Mr. Chase. I think he is perfectly right and that I have been wrong in deferring or postponing the importance of the point of known reliability. The thought in my mind was that we are all accountants, that we all take it for granted that double entry bookkeeping is what we are considering, and the item of known reliability was deferred because these figures and these considerations are based upon the assumption that we are dealing with double entry bookkeeping.

As to the other point, raised by Mr. Bishop, I think it is very important. It is true that I have given slight or perhaps no attention at all to the important consideration of labor. But if I had attempted to deal with a great many of these important points, I think we would have needed not a single evening, but a whole month. Mr. Bishop has rightly said that the accountant should not stop upon the surface of operation in his deductions and that he holds, in a sense, a brief for the employee as well as the employer. I hope Mr. Bishop will not think I am such a hard-hearted rascal as to forget the question of the employee in discussing the affairs of the employer. I can assure Mr. Bishop that his deductions and his assumptions are sound, but I do feel

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that this paper must be taken as more or less a general discussion upon a topic which could be developed almost indefinitely.

I do not think there is any other point that has been raised tonight, but I might add that after having an opportunity to go into this paper I shall be glad to hear from you in order to take issue with you.

PRESIDENT ROBERT H. MONTGOMERY: When it comes to a serious paper like this, most of us hesitate to discuss it; we prefer to wait until we see it in the year book, and that is a favorable sign. We are building part of the literature of this country, and I think we know that a part of that literature is contained in the papers that appear in the year book.

MR. CARL H. NAU (Ohio): To elicit from Mr. Steele something relative to the discussion in *THE JOURNAL OF ACCOUNTANCY* about the inclusion of interest on investments in costs I call attention to two passages that somehow hit at that proposition. He says, "Losses from under-operation of factory capacity are just as much actual losses," and on the next page he says that "on the other hand, as the importance of machinery and equipment as a factor in cost increases, it becomes much more essential than it formerly was to ascertain all the facts regarding the current use of such equipment." In view of those statements and others in this pamphlet I would like to hear his notion as to how those things are possible if the question of interest on investments is not included in cost of production.

MR. STEELE: I am delighted to have an opportunity of dealing with this somewhat debatable subject, and I am inclined to challenge you to find any statement in that paper that interest is not included.

MR. NAU: I gathered that it was included and I wanted your idea upon that subject, in opposition to the high authority that has been taking the other side.

MR. STEELE: I feel distinctly that it ought to be included, and I would include it in any estimate of costs.

MR. BISHOP: My office has given a great deal of attention to securing a more suitable relationship between the employer and the employee, in the clearing away of the difficulties which too often exist solely from the misunderstanding of the conditions. There is too much attempt to consider wage conditions on a level

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in all sections of the country. In similar lines there are attempts to base piece rates or day rates, or what not, in this district on the same basis as in that district, where the cost of living and other conditions are entirely different. That is one of the things which the human audit shows and one of the matters that should be considered in the light of the development of systems of control. It is utterly impossible to put into operation a level rate of wages without regard to the locality. That is one of the things to be considered; but the largest part of that human audit is in removing the causes for misunderstandings which, as I have said before, too often exist. The development of factory committee systems, and through them the clearing away of misunderstandings, and in every way bringing about the best conditions, should be the consideration of the future.

Further than that we are confronted in every state at every session of the legislature with laws affecting labor. We have a peculiar situation in Massachusetts today, which makes it almost impossible to provide enough schools, because they have raised the age limit from sixteen to eighteen years. There is increasing legislative activity, because the labor organizations are beginning to feel their strength, and in many cases our legislators have not had the backbone to stand up and deal, as they ought to do, with the problems confronting them.

MR. A. E. ASHDOWN (New York): What has impressed me in this paper is that the losses from under-operation of factory should be charged in order to determine the actual proportion of loss involved from under-operation. We as accountants are often accused of being theoretical. I would like to know how to determine what that actual loss has been and how it has taken place; whether it is to be apportioned on the floor space of the factory which has not been used for a week or a month, or on machines which have been idle for a week or a month. How long a period are we to take as a basis of arriving at our charge for that particular loss?

MR. STEELE: Mr. Ashdown has referred to a part of my address which deals with unused factory capacity, and he rightly says that the paper does not state very distinctly how that unused factory capacity is to be earmarked in the accounts. However, if he turns to the paragraph which commences that subject I hope he will see that I do not say any more than "which usually can be

separated". I do not say that it can be separated with advantage in every instance. I can imagine many factories wherein such a process would be very foolish, if it were of any use at all. But wherever machinery forms the chief factor in production the cost of idle factory capacity can be very clearly distinguished in the accounts, largely through the distribution of the overhead expense of production as a rate for the use of the machines. Let us assume a machine normally in operation for 2,700 hours during the calendar year. Let us assume that this machine for some reason or other is not running more than half the time. I speak of one machine. The unused factory capacity indicated by the unused running time would be one of the items to be brought out as a special loss. Do not think that I mean it belongs to profit or loss; it is a loss, but it does not form, in my opinion, a part of the proper and necessary cost of production.

Suppose that you are the owner of a machine shop which also has a foundry. The foundry runs for a long time, but later there comes some rival foundry into that vicinity and furnishes you castings at a very much lower price than you could produce them. Your foundry terminates its usefulness to the machine shop; the capital is locked up there, but it does not make its own castings. Unless the cost of factory capacity were distinguished in the way I indicated, the costs of the machine shop would be loaded up with the investment in the unused foundry. I think you will agree with me that that is an absurdity. I should like to go into this matter fully, but it is a large problem and I have endeavored to touch lightly upon it.

Relations Between Government and Industry

By Joseph E. Davies, Commissioner of Corporations of the Department of Commerce

When the secretary of commerce asked me to come up and address you, experts as you all are, upon the relations between government and industry, I was in somewhat of a quandary; and I was reminded of an occurrence that is alleged to have happened in the community in which I live.

It seems that a very devoted wife, realizing that she was about to pass away, called her good husband to her bedside and said: "John, we have gone up the hill and down the hill together; the shadows are beginning to lengthen, John, dear, and I fear I am about to cross the River. You have been good and kind, and I know when I ask you to do one thing for me now in this extremity that you will not refuse."

John very incoherently said: "Yes, dear, I will do anything you ask."

She said: "Well, John, dear, you know the neighbors have been talking dreadfully about you and mother, and I wouldn't like them to have the satisfaction of knowing even after I had gone that you were not happy with her, and if you will only occupy the same carriage with her at my funeral, I shall die quite happy."

He said: "Dear, I will do it, but it will rob the occasion of all its pleasure for me."

I was delighted to have the opportunity to come, but when told I would be expected to deliver an address on the relationship between government and industries and corporations I felt that it robbed the occasion of a great deal of its pleasure. I have, moreover, just partaken of a delightful dinner, under very charming circumstances.

I fear that what views and ideas I have to suggest this evening

will be rather discursive, by reason of the fact that I was advised only yesterday of the fact that I was expected to talk upon this subject, and I have been unable to write out a formal address. I will ask you to bear with me, therefore, if I seem to jump about somewhat.

If the question were asked as to what is the essential characteristic of modern industrial life, we could, I presume, find an answer in the proposition that it is bigness of undertakings, speed, and intensity of effort. Steam, electricity and the wireless have opened up the markets of the world at a bound, and in two generations we have accomplished an economic revolution that rivals the economic revolution of the world during several centuries preceding. The standard of our intelligence is higher today than ever before; the energy with which men apply themselves is greater because the struggle is fiercer; and in this complexity of industrial and business conditions—perhaps arising out of it—we have another condition, and that is that the standard of living of each and all of us is a constantly rising factor in our lives. The standard of economic independence to which we are all addressing ourselves for the protection of those dependent upon us is constantly growing higher and higher. We demand more; and while we are demanding more and the standard of our life is increasing, conditions are constantly becoming more complex and the units with which we are dealing are constantly becoming larger and larger. The unit of financial power is larger; the power that men strive for beyond economic independence is larger than ever before; and the struggle therefore the more intense.

By reason of these things we are living under conditions that are unique in the history of the world. And it is not strange that under such conditions we should be prone to expend more energy upon action than we should upon thought given to general economic conditions. It is not altogether strange that in these conditions we should give more attention to thrift for gain rather than thought for public good; and if in the midst of our business we apparently do not give the thought to these conditions and the tendencies which exist in our national life—and which we must look squarely in the face, if we are going to try to solve that greatest of all humanitarian problems, to wit: whether or no a representative form of government by men, for men, for their

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children and their children's children, is to endure, or whether it is going down into history like the other republics of the past that have failed—if, I say, we seem not to give this attention to this proposition as business men, I believe it is due rather to the conditions under which we live and the necessities under which we live rather than to any lack of patriotism on the part of our citizens engaged in a business life.

But I would suggest to you that if we as a nation are going to distinguish ourselves in the line of political action in the history of the world, as we have distinguished ourselves in the line of industrial endeavor, then we must differ from the people who lived in the republic of Rome, and in the republic of Venice, and the republic of Greece, and we must devote some of our boasted intelligence and our vaunted shrewdness to understanding and realizing tendencies and conditions in our national life, and to a study of whither they are leading us; otherwise we shall fail even as did the people of Rome, Venice and Greece, who either did not heed, or otherwise did not know of the conditions in their national life which ultimately and finally went to their final undoing. It is incumbent on the business men of this country, more perhaps than upon any other class in this country, to analyze conditions and give their best thought now to their country's good. After all there are in a life of service compensations that money does not bring. I was altogether delighted when I heard the proposition voiced here this evening, that the ideal accountant held a brief for the employee as well as for the employer. In answer to the question propounded to him in the discussion following of how that aspect of a report could be reduced to mathematical terms, an answer might be found in the proposition that some things cannot be reduced to terms of the lowest common denominator, but may be found in sympathetic treatment of a subject and found in heart throbs which move the world and always will when numbers will have been long forgotten.

There are signs that a new era is coming in the industrial and financial world; that a new day is coming. The other day I was talking to a gentleman who had amassed twenty million dollars, more or less, and he said to me: "You know among my confreres of ten years ago the standard of success was voiced in the question of his neighbor, How much has he got? But the

standard among these men is not now how much money has he got; the standard is rather, how much is he doing for his fellow men?" There are indications that even now men who own big industries find greatest pleasure and greatest profit to their souls and to their happiness and to their heart's content in the fact that they have laborers who are living under sanitary conditions, who are laboring in well-lighted factories and whose children are being reared as the children of men and not as the children of some inferior beings. There are business men who have all the comforts and luxuries that this life can afford, and magnificent homes in the city, or upon the hillsides, but who see to it also that other men who happen to be laboring for them are receiving their fair share in just compensation, and that conditions under which these other men live are fairly livable and such as enable them to bring a measure of happiness to the wives and little children of these men, less fortunate than they.

We have, in the last ten years, undergone a great economic revolution. We have created an artificial person in the law—a corporation. That in itself, if you will cast about in your mind, has brought about great economic changes. It has made it possible to extend the operations of an industry beyond the limitations of territory. It has made the existence of the business continuous in its succession, independent of the death of its manager or its president; it has relieved the individual of the liability which otherwise he would incur as a sole individual engaged in business; it has brought a corporate liability. By reason of these attributes the corporate form has grown enormously. Within the last decade and a half two hundred corporations have grown to such an extent that they own in assets \$22,500,000,000. That means that two hundred corporations, one ten-thousandth of one per cent of the total population of this country, own three times as much property as the total wealth of this country amounted to ten years prior to the civil war. They own as much property as three and one-half times the total interest-bearing debt of the United States. One single corporation has a gross income equal to the total revenue of the government from internal revenues and customs. Twenty-four corporations have three and one-half times the gross income of the federal government. One corporation employs 218,000 men; which is more than the total voting population of New

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Hampshire, Vermont, Florida, North Dakota or South Dakota. Another single corporation employs 38,000 men—more than the total male voting population of the state of Nevada; and still another corporation, an artificial person created by law, employs more men than there are males in the sovereign state of Nevada.

Now, I cite these facts not as an indictment against the men who are engaged in these corporate enterprises. I marvel at and admire their ability and their powers of organization. I simply call it to your attention as an index of the manner in which we are moving, and the speed with which we are moving, and would ask you to browse over the proposition of how it affects that which made it possible, and which is its parent, to wit: this government of men, by men and for men, under which we live.

With the tariff disposed of, and with the currency settled, which I believe will be effected within a short time, there remains a great problem confronting us, namely: what is the true, scientific, evolutionary, if you will, attitude of the government toward big business.

Big industries, big businesses in any form, in reference to government, have three aspects. The first proposition that confronts us immediately is what relation do the existence and power of these big organizations bear to the perpetuity of the government itself? Is there danger, with continued development along this line, of a state within a state? Is there danger of the child becoming greater than the parent? Is there danger that the powers of government will be subverted by reason of the greed of men and the inherent human selfishness of gain to the individual benefit of the few, as against the common welfare of the many?

That is a problem with which the congress of the United States is confronted, and we see manifestations of public interest in that proposition in the recent lobby investigation to ascertain what, if any, insidious influences have been at work upon the legislative and other activities of government.

The second aspect of this question is the question of what effect, by and large, do these tendencies in our industrial life have upon the lives and habits of living of the laboring classes in this country, who, after all, constitute a great part of our people. That is a problem that the department of labor has, and a problem to which it undoubtedly will address itself.

There is another aspect to this question. Is the large form, even the monopolistic form of business enterprise, the scientific and evolutionary last word in the evolution of business? There are those who maintain that it is—that the monopolistic system is as inexorably an advance over the competitive system as machine industry was over the hand labor which it supplanted a century ago. There are those who maintain that if that be so, it is as useless to try to legislate against this evolution as to whistle against the wind. In the first place, I would like to suggest that there is a fallacy in that point of view. We are the masters of our own destiny. We can change and deflect economic evolution by law. It has been done in the past and will be done in the future. Law creates the status of property; law creates the status of individuals; law declares the descent of property. A very significant illustration of the effect in which law has deflected the economic evolution of a country is found in England and France. By the law of primogeniture, in England, the landed property has for many centuries descended to the eldest son, and by reason thereof there are landed estates in England today—and absentee landlordism is one of the issues of the present time in England—to which is charged much of the pauperism that exists in English life. On the other hand, in France the law of primogeniture was abolished and there was enacted a new law whereby the property did not descend to the eldest son, but was divided up among all the children equally, with the result that you have no large landed classes in France, and the effect, held to be perhaps at least one of the contributing causes to the proposition, is that you have in France one of the most wealthy and prosperous and happy nations in the world. The economic development and evolution of that country was deflected by law by the abolition of the law of primogeniture.

So I say I take issue with that proposition that if monopoly has come, it is therefore right. If, however, large scale production, monopolistic production, is an economic saving for the community, it goes a long way toward settling it as an established social and economic fact. In other words, it is contended that if, as President Van Hise, of Wisconsin, maintains, the larger the unit of production, the larger the organism, the larger the capital, the more economically you can produce; and if, as he maintains, we

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have not yet reached a stage in any industry where we have attained the point of maximum efficiency, then the corollary to that proposition is simply this: that the government can regulate and control what shall be charged for these articles of production and that therefore the government can regulate it so that the consuming public will get a share of the scientific benefits and advantages of large scale production.

That is the contention of one side. There is another side, however. There are those who maintain that the monopolistic form of industrial organization is not the true or scientific form of organization. The benefits and advantages that arise from combination, in economies, up to a limited extent by combinations of capital and combinations of organizations and integration of processes, is recognized and admitted; but it is maintained that in every such development there is a point at which maximum efficiency is obtained; up to which economy can be effected, but after which, due to the fact that the organization becomes top-heavy, due to the fact that perhaps you cannot extend the personal influence of a single mind or of a single man over too large a field, or due to still other reasons, further enlargement induces waste instead of economy.

To illustrate this. There is a gentleman in Pennsylvania with whom Secretary Redfield recently discussed this proposition, who has a very large pottery plant and who has abundant capital and who has large credit. This proposition was put to him: Mr. ———, you have abundant capital, you have a good business, you are very successful in it, you have abundant means of credit. Why is it that you do not extend your business?" "Well," he said, "I have reached the point of maximum efficiency in this business. To enlarge the plant further would not permit me to manufacture any more cheaply."

Then, illustrating again, there is this tendency, which you doubtless have noticed, that ten years ago there was a disposition among corporate organizations to have all their executive heads in one central office, with a view to running them from New York. I understand one very large company has found that this does not work satisfactorily, and they have reorganized their offices so that each individual state is under a distinct head and is held accountable as a distinctive unit.

Again, I am informed that there is another large corporation that does an interstate business of a tremendous extent, which I understand has made the discovery that units of less than 15,000 men are more economical than larger units, and consequently they are building up their units inside the big unit to compete with each other. Here then are two conflicting points of view—one that economy in production and distribution is correlative and coincident with extension in size and organization, which, if true, tends to establish the monopolistic system of very large units as the scientific order of our industrial life; the other that increase of size does induce economies, but only up to a certain point of development, after which waste results instead of economy, which, if true, tends to establish the competitive system as the scientific order of our development. There are excellent reasons to be advanced to sustain both of these positions.

Very good reasons can be adduced by President Van Hise, on the one side, to the proposition that the United States Steel Corporation, with a capitalization of a billion, five-hundred million, is actually producing steel more cheaply than one of the smaller, independent companies with a capitalization of only one hundred and fifty million dollars. On the other hand, it can be maintained that these smaller concerns of \$200,000,000, \$150,000,000 or \$100,000,000 are actually competing and therefore actually producing as cheaply as is the United States Steel Corporation; that all society demands is centralization in organization only for reducing the cost of production and the cost to the consumer to a point consistent with successful operation; that an increase in scale of operation beyond this point is either to make promotion profitable to the organization at the expense of society, or else it is to procure a monopolistic control of the product in the market to raise the price; either one of which motives is reprehensible. But while we can theorize on both sides of the proposition, in the last analysis it is a question of fact and not a question of theory. With that attitude of mind desirous of getting at the facts characteristic of him, the president of the United States has addressed the bureau of corporations to the proposition of getting the facts on this question. Characteristic of this wonderful man, he seeks light on the question, not heat. We are to get the facts; and that is what we hope to do. It is a tremendous task; it is

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bristling with difficulties. We may not be able to do all that we hope to, but we do hope to be able to contribute something substantial in the line of facts looking to the solution of that great problem.

The business mechanism of the country is not going to be radically disturbed. There should be, and must be, no fear on that score. We shall proceed carefully, and those who make any changes in the mechanism will be men who are familiar with the mechanism; in other words, the idea is to construct and not to destroy.

Not long since I was talking to a republican whom I know very well, and he said to me: "That is a wonderful man up in the White House. Bear this in mind, as Joe Cannon said, he is not your president; he is my president, too; he is our president."

Permit me in closing simply to call to your minds some of the things which are going on in Washington. Some of you have been there, I know, recently, and I ask you whether it is not refreshing to see a man in the White House—and I am making no invidious comparisons—who is attending to his job twelve hours in the day; a man who is paying no particular attention to the social diversions of a most attractive city, but a man whom, if he makes his appointment with you at five minutes to eleven, you see at five minutes to eleven; a man who has applied the golden rule to nations as he would to men; a man who applies the golden rule to men as he does to nations and who has made the golden rule a commonplace among politicians; a man who has gone along the even tenor of his way, and without browbeating, without in any manner coercing, but simply by the power of his mind and the wonderful characteristics of a generous heart, in assuming that men who disagree with him, whether republican senators or democratic, want with him to do the thing that is right; a man who meets them on a common plane of honesty and then argues it out with them as men, and not as crooks. That is the reason; it is that combination of heart and mind that has made him, constructively, one of our greatest presidents; a man who will have taken a party that is alleged to have stood historically for negation, that is alleged to have been able to rule its minorities and has been able to put through two of the most tremendous and far-reaching reforms inside of a year after he was entrusted with power, and

he is doing it sanely, carefully and wisely and without any hurrah. Such a man is Woodrow Wilson, president of the United States.

DISCUSSION

MR. HARVEY S. CHASE (Massachusetts): When the Massachusetts society started to lay its plans for this convention it was decided that we should, if we could, have a representative of the administration at Washington to speak to us, and a result of that decision is the pleasure which we now have experienced in having the commissioner of corporations before us. Secretary Redfield has taken considerable interest in this matter and would have been glad to be here. Because of demands on his time in Washington he found it impossible to come, but he was glad, and we are exceedingly pleased to have as his representative the commissioner of corporations, whose work touches us as accountants perhaps more closely than does that of any other division of the government.

As Mr. Davies has said, the ideas which the new department of commerce has already set forth, and which are known through Secretary Redfield's articles and speeches from one end of the country to the other, mark a new era in the dealing of the government with corporations. It behooves us, as public accountants very closely connected with corporations, to learn all that we can in regard to the workings, the methods, the men and the means appertaining to the bureau of corporations which it proposes to use in this service. I should be glad if the commissioner, in answering questions which may be asked him, would tell us something in detail, so far as he thinks it advisable to do so, of half a dozen of the matters which the bureau of corporations is to undertake in the near future.

The commissioner has told us very effectively how it is that the evolutionary development, in which we are all held and to which we are all bound, is changing the views of leaders of men in corporations throughout the country, and indeed throughout the world. He brings up before us the question whether or no there is a limit to the expansion of a corporation, and a limit thereby to its efficiency. I think we have an example before us, not only in this country, but in other countries, which we well might take into consideration when we are studying the question. Take the

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United States government itself. Here we have practically a corporation. It spends \$1,110,000,000 a year, or more; its cash assets are two thousand millions of dollars. It has plant values in excess of almost any sum you can name—no one knows how much; even the government does not know what its total plant assets are. Now, is that government efficient? Has its growth exceeded the limit of efficiency? How is it to be made more efficient? Will it be by cutting down the work of the departments, by confining them within closer limits, by making more departments and more bureaus, or can it be done by the process, which is going on in private corporations, of extending the jurisdiction of the officials? I think we all in Washington feel that it must be done by concentration and not by extension of the field of individuals. The duties in many of the departments in the United States government today are beyond the capacity of any man to handle efficiently. I think that this is generally accepted. If we consider the treasury department and all its sub-divisions we see at once that it is wholly impossible for any one man to understand or handle it. He must leave much of it to subordinates, and they must run a great many sub-divisions with scarcely any supervision from the secretary himself. This must be so. Therefore we can infer that many of these sub-divisions are not run efficiently. No big business can be run efficiently under these conditions.

Now, what can be done about it? That is an exceedingly difficult question and one worthy an attack by the bureau of corporations itself. The United States government spends in the neighborhood of \$1,110,000,000 a year; about \$100,000,000 for "overhead" expenses, general business administration, etc.; about \$250,000,000 for military defenses by land and sea, and \$200,000,000 for military pensions. This question of military pensions alone knocks out all possibility of efficiency in connection with the United States government. If the president or a commission on economy and efficiency by very careful study can suggest that a saving of a million dollars here and five hundred thousand dollars there and so on could be brought about, and at the same time congress can vote forty-five millions for additional pensions, what hope is there for efficiency in the United States government? On the face of it there is no hope, but underneath

there is a great deal of hope, under the new conditions which we have in Washington and which have been so admirably set forth by the commissioner.

We have \$100,000,000 overhead expenses, \$250,000,000 for defense, \$200,000,000 for pensions, \$175,000,000 for other civil functions, excluding the postal service, which is about \$280,000,000. The government is expending or proposing to expend only about \$3,000,000 of that \$175,000,000 for matters relating to commerce and banking. See how small a percentage this is of the whole. We could consider many of the civil expenditures of the government, which are wholly out of proportion to what they should be, and to what they will be when the people of the United States understand the relative expenditures of the government—as I have no doubt they will understand them when President Wilson takes up that question as he has taken up tariff and currency. It is my inference that it will not be long before he does take it up.

Another question, in which I think we shall be very much interested if the commissioner will tell us about it, relates to a matter to which the newspapers gave great notoriety soon after the tariff bill was promulgated and it became known what the probable requirements would be. Then, as we know, a number of manufacturers in different parts of the country stated that if this reduction of the tariff went into effect they would be obliged to cut wages very materially. It was then reported by the papers throughout the country that Secretary Redfield had made a threat—for the purpose, so the papers stated, of affecting politically the position on the tariff bill—that if these reductions were made he, through the bureau of corporations, would investigate the business of those companies which did make such reductions. Secretary Redfield himself says that he made no such threat. He says that the statement he did make, if I quote him correctly, is that if corporations in various parts of the country did scale down wages after the tariff bill was passed it would be the duty of the United States government to discover the reasons and to make those reasons public; not that any particular corporation's business would be disclosed—quite the contrary—but that the conditions in those industries would be investigated to find out whether or not there was good reason for the reduction,

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and if so, naturally it would have an immediate effect upon the tariff. If the tariff had reduced the protection of an industry so that the rate of profit in that industry could not continue without cutting wages, then it would become a question as to whether or not the tariff should be put back again. This should be determined by the bureau of corporations.

This leads up to the question as to what the views of the bureau of corporations and the secretary of commerce are as to the methods by which these investigations should be made; and that brings it, of course, very close to public accountants throughout the country. How is the staff to be developed? How is it to be handled? What chance or opportunity or necessity is there for the use of public accountants, and if any, what special training should public accountants enter into in order that, when they are called upon, they may be able to undertake investigations for the bureau of corporations or for other governmental bureaus? I think it is evident to all of us, as time goes on and as the certification of accountants becomes more and more a real thing, that the federal government, the state governments and the municipal governments will call upon certified public accountants for such investigations to a very much greater extent than they do now; in fact, to an even greater extent than is common in England and on the continent.

These questions arise in my mind, and I should be very glad if the commissioner would discuss them.

MR. DAVIES: In reply to the first query as to what we are proposing to do and how we are proposing to do it, looking to this investigation of magnitude and efficiency, I would say that we have now a force of about 134 men. We are rather inclined to believe that congress will give us a very substantial increase in our appropriation, practically doubling it, we think, in view of the attitude of the president and the secretary of commerce with reference to this question.

We have probably thirty or forty men now engaged in making a general survey of the industrial field. Our idea is, of course, to conduct this investigation of efficiency along lines that will be useful also by reason of the importance of the industries which we are investigating. We have taken for examination a list of industries of the country in the order of their importance as shown by

the amount of capital invested in these various industries. Through the census bureau we have a classification of industries and the amount each industry has invested in the country.

The instructions to these men so occupied are to make a general preliminary survey of the industry, of the processes of the industry, the extent to which there exist independent concerns and other trust concerns—all with the idea of getting a comparative view as to which products and which lines of industry in the field of our investigation best lend themselves to a comparative study of large and small units of production and distribution. We cannot very well compare a product that is not fairly standardized. For instance, we find difficulty in flour, because there is no standard product upon which to base a comparison of costs; whereas in steel or iron billets, it would be much simpler.

We are looking over the whole field and intend to cull out those which are most important and at the same time which lend themselves to comparisons on this question between the large unit and the small unit and where there is more or less identity of product and of process. We will need men of economic training and legal training, together with a competent corps of accountants in each division of the investigation. You are interested in the fact that we have several accountants now, who by the way are the highest salaried men in our bureau, and quite as efficient as any. So much for the first question.

Now as to the second proposition as to the jurisdiction of the bureau of corporations to investigate industries. Upon the direction of the secretary of commerce to ascertain the reasons for shutting down charged to the tariff, Commissioners Garfield, Herbert Knox Smith and Conant conducted investigations of the steel industry, Standard Oil, the lumber industry, and half a dozen other industries, and made comprehensive reports which aided largely in the prosecution by the department of justice in the tobacco, beef trust, and the Standard Oil prosecutions. There is no question that we would be entirely within our rights in making an investigation of any industry engaged in interstate commerce, if that industry pursued a course that seemed injurious to the public welfare. A wholesale cut in wages might therefore be a justification for an examination into the condition of an industry to ascertain the reasons for such a cut.

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There is no doubt that the bureau of corporations would be entirely within its province in investigating any industry of that kind for the public good. The secretary of commerce did not make that statement as a threat, but as a statement of fact. For my own part, it is my judgment there will be no occasion for any such action. The effect of the tariff has already been discounted, I believe. With the tariff and currency once settled and out of the way, there will be a great renewal of trade and prosperity. The American manufacturer will again whet his wits to compete with the world. New economies, new devices will respond to the genius of the American business man. Yankee goods, American initiative, obliged once more to stand upon their own strength and freed from the stifling, slothful influences of protection, will again challenge the admiration of the world and its markets.

I have had in mind that you gentlemen come into contact with industries of many and various kinds and could give me specific illustrations that might give us leads for further investigation of the relative efficiency of the trust form of industry and of the competitive systems. You all doubtless have given it a good deal of consideration and thought and you get a great deal of information which, without in any way violating the fiduciary relation you hold to your clients, would be very valuable to me. I should be very happy indeed if I might hear from you, either here or subsequently by letter, as to your views. We are not proceeding on any *ex parte* basis in this matter. We want the facts; we want to get what is correct.

Our motive is entirely sincere in wanting to get at the facts without bias. Doubtless you have thought of it considerably, and I wish you would give us the benefit of such information or such judgment as you have on the question.

MR. E. L. SUFFERN (New York): There are two points which may be exceedingly important. First, it is extremely encouraging that we at a convention of public accountants should be in a position to consider matters of this broad economic scope. A few years ago at a gathering of this kind our consideration was confined to matters of close technical concern. Our papers at such a meeting probably would have been restricted to matters relating to our own every-day business. Today we are coming

into close contact, not only with the concerns with which we have engagements, but we are coming into contact with the conditions which affect those concerns. Because of the changes in results, which we find as matters of record on the books, we are forced to consider the factors which have produced changed conditions and changed results. We have been obliged to educate ourselves not only in the theory of accounts, but in the economic conditions which affect our clients. Tonight we can appreciate what the commissioner has told us in his able address.

The second point is this: It is encouraging to know that today in Washington there is an open door to the departments, and that the men at the head are willing to hear anyone who can give them information about any of the things which affect their own administration. I, for one, want to pay my tribute to that new spirit that animates the men at the head of our government affairs.

We have here accountants who have seen great changes in the economic and industrial affairs of our country. These changes embody two distinct factors—the combinations of labor and the combinations of capital—both of which are influential in producing the results which we recognize as we investigate the affairs of our clients.

The commissioner has alluded to one of these factors, and has spoken of the possibility of a maximum efficiency of operation through combination of capital. On the other hand, he finds that efficiency is affected by labor combinations and has used, as an illustration, the leather industry. The pottery industry today is dominated by the labor conditions, by virtue of the fact that the latter are so consolidated as to affect the profits of every factory or pottery concern in this country. High efficiency is not maintained by any of these concerns because of this fact. We have been advised recently by one who has made investigations in one of our pottery sections, that while men nominally and apparently work for nine hours a day, they actually work only six hours a day, and it is impossible, in the circumstances, to get high efficiency. We are in the midst of an era of change, when the elements which affect the profits and results of the business are themselves in solution. In what way these industries shall be permanently affected depends altogether upon that which may come out of the conditions through which they have passed, and it is en-

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couraging that the government of the United States through its officers at the head of its several departments is willing to appreciate the facts which we may be able to present to them; and I wish to express my individual appreciation for the commissioner's coming here and talking to us tonight.

MR. CARL H. NAU (Ohio): I move that this meeting of the American Association of Public Accountants extend to Mr. Davies and Mr. Steele its sincere thanks for the able papers they have presented here tonight, and also to the other gentlemen who have participated in the discussion of these papers.

(The motion was seconded and unanimously carried.)

MR. CHASE: I think the association would be glad to have this vote extended to Secretary Redfield, as it is through Secretary Redfield that Mr. Davies is here. I move that a vote of thanks be entered on the records of this association, and be sent by the secretary of this association to Secretary Redfield, expressing to him our sincere gratitude for sending Mr. Davies to speak to us at this meeting.

(The motion was seconded and unanimously carried.)

(The meeting adjourned.)

The Mission of the Public Accountant

BY FRANCIS B. SEARS,

Vice-President National Shawmut Bank, Boston.

The necessity for the work of the public accountant has arisen from the great expansion of business in recent years. It may be interesting as well as profitable, therefore, to review briefly the growth of our commercial and industrial enterprises from small beginnings. More than thirty years ago, Robert C. Winthrop, himself holding high rank among the orators of his own day, referred to a well-known passage from the speech of Edmund Burke in the House of Commons on *Conciliation with America*. "After the lapse of more than one hundred years," said Mr. Winthrop, "these words still stir the blood like a trumpet." No other words can so well describe the early stages of American enterprise.

"As to the wealth which the colonies have drawn from the sea by their fisheries, you had all that matter fully opened at your bar. You surely thought those acquisitions of value, for they seemed even to excite your envy, and yet the spirit by which that enterprising employment has been exercised ought rather, in my opinion, to have raised your esteem and admiration. And pray, sir, what in the world is equal to it? Pass by the other parts and look at the manner in which the people of New England have of late carried on the whale fishery. Whilst we follow them among the tumbling mountains of ice, and behold them penetrating into the deepest frozen recesses of Hudson Bay and Davis Straits, whilst we are looking for them beneath the arctic circle, we hear that they have pierced into the opposite region of polar cold, that they are at the antipodes and engaged under the frozen serpent of the South. Falkland Island, which seemed too remote and romantic an object for the grasp of national

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ambition, is but a stage and resting-place in the progress of their victorious industry. Nor is the equatorial heat more discouraging to them than the accumulated winter of both the poles. We know that while some of them draw the line and strike the harpoon on the coast of Africa, others run the longitude and pursue their gigantic game along the coast of Brazil. No sea but what is vexed by their fisheries, no climate that is not witness to their toils. Neither the perseverance of Holland, nor the activity of France, nor the dexterous and firm sagacity of English enterprise ever carried this most perilous mode of hardy industry to the extent to which it has been pushed by this recent people—a people who are still, at it were, in the gristle, and not yet hardened into the bone of manhood. When I contemplate these things, when I know that the colonies in general owe little or nothing to any care of ours, and that they are not squeezed into this happy form by the constraints of a watchful, suspicious government, but that through a wise and salutary neglect a generous nature has been suffered to take her own way to perfection, when I reflect upon these effects, when I see how profitable it has been to us, I feel all the pride of power sink and all presumption in the wisdom of human contrivance melt and die away within me. My rigor relents. I pardon something to the spirit of liberty.”

If Edmund Burke, Charles James Fox and other friends of America had prevailed, and the wise and far-sighted colonial policy of Lord Chatham had been continued, we might now be loyal subjects of King George V. What stage of development we should have reached under a colonial government it is not our purpose to inquire. Our commercial and industrial progress in the first half of the nineteenth century makes that period a most interesting part of our history as a nation.

The merchants of that day sent out their ships to be gone a year or two years, to the northwest coast, to China, to India or Russia, and to encounter dangers, not only from the seas, but from British cruisers, French privateers and Malay pirates. Let us recall a few names. William Sturgis was a Barnstable boy, and, like many other Cape Cod boys, went to sea. At nineteen years

of age he was the first mate of a merchant ship on its outward voyage. When a few days from port the captain died, and the boy of nineteen took command of the ship and carried out the voyage to a successful and profitable termination. A few years later, as captain of a ship, with another Barnstable boy, Daniel C. Bacon, for his first mate, while lying off the mouth of the Canton River waiting for a pilot, he was attacked by twenty-six pirate craft, but they were beaten off, and he reached port in safety. Later he was a member of the firm of Bryant & Sturgis, one of the most successful mercantile firms and shipowners.

John P. Cushing, a Boston boy, when sixteen years of age, was in China on a visit to his uncle, who was the resident partner of the firm of Perkins & Company. The uncle died suddenly, and as the day of telegraph and steam transportation had not yet come, some time necessarily elapsed before the news could be conveyed to the home office and another representative sent out. The boy of sixteen, however, took charge of the firm's interests, and managed them successfully in the interval. Perhaps the last of those great merchants was John M. Forbes, whose figure was once familiar to some of us as he walked the streets of this city carrying easily the burden of more than eighty years. It was Forbes of whom Emerson said: "I wonder if Forbes realizes he will never look into so great a face as his own." During the Civil War he was the counselor of Governor Andrew and President Lincoln and the Secretary of the Navy, but although the foremost citizen of Massachusetts, he continued in private life and never was a candidate for office. I have selected these few names from our local history, but other cities—New York, Philadelphia, Baltimore and inland cities such as St. Louis or Buffalo—also have their rolls of names not less distinguished for commercial enterprise, integrity and public spirit.

These great merchants found no more need for the services of public accountants than did the hardy fishermen described by Burke. Their enterprises, while large, were comparatively few in number and did not call for an elaborate system of book-keeping. A certain business man of this city was said to carry the details of his business in his head, and, when the account of his bookkeeper did not agree with his own recollection, he declared the bookkeeper was wrong. An eminent lawyer of this

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city, also of an earlier day, had little respect for accounts and accountants, and once, when a client came in with an indignant inquiry why a bill which he had paid was sent to him a second time, the lawyer complacently explained that their accounts were kept by double entry. The banks of a hundred years ago dealt with comparatively few persons, and loaned their money on public securities, or on paper bearing the names of two or more responsible persons or firms. The operations of most merchants were well known to others, as well as their manner of living, and their probable worth was estimated closely.

The little book in my hand was published in 1846, and is entitled:

OUR FIRST MEN A CALENDAR OF WEALTH, FASHION AND GENTILITY

It contains a list of those persons in Boston credibly reported to be worth \$100,000 or more. Probably these estimates are more accurate than the estimates of the mercantile agencies of today, also more interesting because of occasional personal comments, a few of which are sufficiently interesting to be quoted here.

Of one gentleman it is said that his firm are "Religious booksellers. In times past, the only profitable bookselling in New England, and still a very extensive business." Today the latest novel probably has as wide circulation in New England as a volume of sermons.

Of another it is said, "He has a great taste for music, is President of the Boston Academy, and the Boston public is greatly indebted to him for the chance enjoyed of late years to hear something of music besides psalm tunes." This, however, was not the well-known gentleman to whom we are indebted for the Symphony Orchestra.

Of another gentleman it is said that his parents had a great desire to give him a college education, "but Henry was hard to learn, and Parson W—— said it was of no use to try to send him to college—better make a blacksmith of him." Nevertheless, the young man won a degree from Harvard University, and had a successful career in business.

Of another man we learn that he "was educated a doctor, but born a speculator. After many ups and downs he has come out rich at last." I hope he continued so. A man known to me from another state died some years ago. I asked when I heard of his death if he had been able to provide well for his family and my informant replied: "Well, he died in one of his ups and downs."

Information regarding a young lawyer who inherited a fortune is to the following effect: "Left to himself, if his money does not make him lazy, luxurious and good for nothing, as it has so many other promising young men—he will be apt to devote his attention to poetry and fine arts, for which he has a decided aptitude." It is pleasant to know that later the artistic career of this gentleman was brilliantly successful.

One more quotation is worth giving, as it is perhaps the best. "We had almost forgotten to mention that Colonel ——— most gallantly serves his country in the dusty field as commander of the Cadets, braving all extremities of frost and rain, that the Governor and the General Court may be safely escorted, on their perilous march from the State House to the Old South, to hear the annual election sermon. The Cadets consist mainly of young sprigs of nobility, and the patriotic and high-souled endurance by them and their commander, of all extremities of wind and weather in this arduous service, never can be enough commended."

We may pause here to suggest that the books of the mercantile agencies would perhaps take their place among popular literature if they would include these little personal details. Perhaps some enterprising young man will undertake to consolidate a mercantile agency with some society paper, like *Town Topics* (if such consolidation should not be found contrary to the provisions of the Sherman Act), and publish a work not only of much usefulness, but of absorbing interest.

Fifty years ago the Civil War was in progress, checking for a time the growth of the nation. As a malignant parasite can be removed from the human system only by a surgeon's skill, so, perhaps, the rough surgery of war was necessary to remove slavery from our social system. The cost was appalling, as we contemplate it even at this distance of time. Thousands of millions of dollars were spent during the war, and thousands of millions

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more have been spent since in pensions and other war expenses. The consequent taxation has been and will continue to be a heavy burden upon the industries of the country. Yet a still greater loss was the hundreds of thousands of lives, in many cases the best lives of their various communities, in the vigor of young manhood. The extent of this loss cannot be stated in figures. Still further evils followed, as always in the train of war. Large issues of irredeemable paper money and enormous expenditures of borrowed money led inevitably to speculation, extravagance and recklessness in incurring debt by states and municipalities, as well as by individuals and corporations. Unfortunately our national habits and characters appear to have undergone a permanent change, and thrift, simplicity and rugged integrity are frequently referred to in a sneering, or, at least, in a patronizing tone, as old-fashioned virtues. The evil effect of Government paper money (which in fact is not money) has found expression in the bill for currency and banking reform now before Congress.

In the fifty years succeeding the war enormous progress in material development and increase of population has taken place. The population of the country has grown from thirty-two millions to nearly one hundred millions. Wonderful inventions for the use of electricity in business and in domestic affairs have been made, and greater things are to come. The mineral and agricultural resources of the country have been developed so as to produce vast wealth. The country has been covered with railroads, and great economies in the cost of transportation of passengers and merchandise have been effected. Competition has tended to concentrate a number of business activities under one management, and in such an aggregation it is impossible for one mind to grasp all the details. In the place of many small stores we see large department stores. In some cities we find mail-order houses selling from catalogues through the mails all articles from a cake of soap, or a case of needles, to a house or a piano. The banks have not led in this expansion but have followed, adapting their facilities, so far as possible, to the larger demands upon them under changed conditions. Credit is granted by merchants and banks to houses in all parts of the country. The notes of Boston houses are sold in the cities of the West, and the notes of Southern and Western houses are sold here and in New

York. Notes given in payment for merchandise are almost unknown, as every house in good credit borrows money from banks directly or through note-brokers, and pays its merchandise bills promptly to avail of the cash discounts. It has become necessary, therefore, for banks and merchants, in order to grant commercial credit safely, to have intimate knowledge of the affairs of firms and corporations throughout the United States. It is also necessary for the large corporations and merchants to have some outside assistants to secure for themselves close and accurate knowledge of their own affairs. To meet this need the certified public accountants have found a rapidly increasing demand for their services.

The standing of the men engaged in this business and the efficiency of their service have usually been of a highly satisfactory character. There are some points, however, which as yet have not been fully covered by their examinations, and it is my purpose to call attention to some of these points, not in a critical, but in a friendly spirit.

Within a few years a firm, whose accounts had been examined by accountants, failed, and an examination of their books by a committee of creditors disclosed serious defects in their accounts for several years preceding. Some of their merchandise, which had been charged up to customers, was included in their inventory, and the charges for the same merchandise were included in their accounts receivable. No closing entries of their books to carry forward their accounts from one year to another had been made. The books of each year were opened with arbitrary entries under orders from the partners and did not represent the actual condition of the firm. The certificate of the accountants therefore showed the results of a year's business beginning with arbitrary and misleading entries, and no certificate should have been put out without the qualification that it was impossible to verify the condition of the firm at the beginning of the year.

Perhaps the most difficult point for the auditors to cover is the inventory of merchandise. In order to make the auditor's report a satisfactory basis for credit, the inventory, as well as the other items, must be substantially correct. I once had occasion, in company with another bank director, to look over the accounts of a manufacturing firm. They very frankly opened their books to

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our inspection, and the firm appeared to be doing a profitable business and to have an adequate capital. Among other questions, we asked if an inventory of the merchandise was taken each year, and we were assured that such was the case. For some reason, or rather intuition, we decided not to continue the loan without security. A year or so later the firm made an assignment, and I was interested to inquire what was wrong in the accounts. It appeared that no actual inventory ever had been taken at the factory during a period of years, but only an estimate made up from the books at the office, and, when the inventory was taken at the factory, the actual amount of merchandise there and, consequently, the amount of the firm's assets were found to be much less than called for by the books. This problem, most difficult but of supreme importance, is worthy of your careful attention.

There are other problems which are not for you alone to solve, but in the study of which your work can render material assistance. One of these problems is to reduce the excessive cost of distributing merchandise from the producer to the consumer, and so to reduce the cost of living. It is a quite common practice now for manufacturers to deal directly with retailers, eliminating the profits of the wholesaler or jobber. Still, the amount added to the cost of merchandise in the process of distribution is sometimes startling. I have been recently informed by the owner of a large shoe factory that shoes of a certain grade are sold from his factory at \$1.20 per pair. That amount covers all the cost of material, of labor and selling, interest on capital, depreciation and a reasonable profit to the manufacturer. The wearers of those shoes pay \$3.00 a pair for them. Sixty per cent., therefore, of the retail cost is required to move the shoes from the factory to the buyer. There are no intervening profits of wholesaler or jobber in this case, and it cannot be alleged that the retail shoe dealers, as a class, are men of large wealth. Undoubtedly these same conditions prevail in other lines of industry, and probably result from several causes. The retail merchant often assumes expenses for rent, salaries, fixtures and equipment out of proportion to the volume of his business. Often he does not watch his credits carefully and collect his bills promptly, and therefore his losses from bad debts are comparatively large. Frequently, also,

he carries an unnecessarily large stock of merchandise, thereby increasing his interest charges and perhaps incurring losses through changes in style. He is led into extravagance by the demands of his customers, who insist on immediate attention, and who order largely by telephone, sending several orders a day where one would suffice. Your examinations will help in many cases to show where economy may be effected without impairing efficiency.

The item of indirect or contingent liabilities is sometimes of great importance. Where the item covers only endorsements on good paper, quite certain to be paid at maturity, such liabilities do not greatly imperil the security of the creditors. A recent failure in a distant part of the country disclosed operations by the active partner of the failed firm large in volume and having no legitimate connection with the firm's regular business. A badly tangled state of affairs resulted, and equitable adjustment of the various claims was an almost hopeless task. The outside operations of a partner or of an officer of a corporation cannot always be detected by an examination of the books. There are certain safeguards, however, which can be adopted, at least so far as the issuing of notes is concerned. The by-laws of some corporations require the written approval of a director upon all notes, and in such case the director should countersign the entry upon the note-book as well as the note itself. As, however, directors sometimes attend to such duties in a perfunctory manner, a number of corporations have recently adopted the practice of registering their notes with a bank or trust company. The purchasers of notes quickly learn of such a practice, and, to some extent at least, would give the preference to notes issued under such safeguards. The general adoption of this policy will add greatly to the thoroughness and certainty of an accountant's auditing.

The making up of the profit and loss account requires careful scrutiny. The treasurer of a Massachusetts corporation once assured me that the expense of all repairs and improvements upon his plant was charged to profit and loss each year. So it was at first. On examining his accounts, however, I found that at the end of each year he was accustomed to revalue his plant, add the cost of all improvements to the book value of the plant, and credit the increase as part of the profits of the year.

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Another small manufacturer had his books properly opened by a professional accountant, and, as his plant was receiving some additions, the estimated cost of such improvements was added to the cost of the plant and a temporary credit made to suspense account. When the repairs were paid for, however, the amount was added again to the cost of the plant and the suspense account merged in the profit and loss balance. In my judgment neither of these men intended to deceive their creditors, and the misstatements were due to ignorance, not to any lack of integrity.

In another case the bookkeeper of a large manufacturing firm, receiving a salary of \$3,000 a year, had not entered up for a long time discounts to which customers of the firm were entitled on cash payments. As a result of this neglect, the books of the firm were utterly untrustworthy, both as to the profits of the firm and the amount of the accounts receivable. In some instances the firm actually owed money to customers from whom balances were apparently due according to the books. Men are frequently unwilling to admit even to themselves that their business is not profitable. In a majority of cases where a man has deceived me as to the condition of his business, he has deceived himself first. A profit is always desired, and one is tempted to show a profit by overrating assets and also by neglecting to make proper charges for depreciation of buildings, equipment, or merchandise unsold and perhaps unsaleable.

A manufacturing plant like a railroad must have a considerable amount spent on it each year from current income in order to maintain its efficiency. A manufacturing firm or corporation which divides all its profits among shareholders or partners will soon fall behind its competitors, its product will deteriorate, and its best customers will be lost. An actual extension of a plant may perhaps be financed by fresh capital, or by borrowing, but even so a part of the earnings each year should be used for improvements, and the time invariably comes when old equipment must be replaced by new.

Gentlemen: the bankers, the merchants, the manufacturers all recognize the importance of your work, and each year shows their increasing reliance upon your services. They expect you constantly to improve your methods, so that no loophole will be left for deception through dishonesty or incapacity—incapacity is

sometimes more disastrous than dishonesty—and they cordially wish you the highest degree of success in all your undertakings.

DISCUSSION

PRESIDENT MONTGOMERY: We have listened with peculiar interest to the paper by Mr. Sears. As you all know, during the last year the committee on credit information has taken the bankers' opinions, and has secured comments from them. A great many of the opinions bear on the points brought out so well this morning by Mr. Sears.

The opening of the discussion of Mr. Sears' able address will be made by Mr. Amos D. Albee, C. P. A., of the Massachusetts society.

MR. AMOS D. ALBEE (Massachusetts): It seems almost superfluous to add anything to the paper of Mr. Sears, yet there are some points he may not have covered that possibly have come before us in our experience. A few have come to me in the course of my professional work that I will endeavor to sketch in a very informal way.

One thing which has impressed itself on us during the past year has been the necessity of great care in the preparation of our statements of condition of concerns where our certificates are to be used as a basis for credits. Bankers and business men of the community rely on such statements coming from certified public accountants, and the book recently published by the association, entitled *The Influence of Accountants' Certificates on Commercial Credit*, is evidence of the growing importance of such certificates from the members of our profession.

Some years ago a corporation was to be taken over by another concern. A report of the current year's business was furnished which passed through the hands of the auditor who was at that time serving the corporation. His death made it necessary for another auditor to examine the figures, and he passed them as being correct. Our examination showed that the assets were overstated approximately half a million dollars! Time forbids going into detail regarding the items making up this amount, but I will simply say that merchandise in transit was included in the inventory, and also in the accounts receivable, and many other matters were improperly treated.

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The earnings of the last year's business were to be made the basis of a portion of the capitalization. These earnings were padded by including the outstanding accounts receivable resulting from sales of a previous year in the sales of the year under consideration.

Another case worthy of mention came under my observation: A number of banks in Boston were lending money to a corporation whose statement of condition was not satisfactory and we were called upon to examine the accounts. The business was tanning, and it was found that the losses in the various tanneries were shown on the statement as accounts receivable.

In one of our textile cities a corporation had made losses on operations in cotton futures. These losses were carried on the books, in one case as accounts receivable and in another as part of the inventory.

The treasurer of another corporation, when borrowing money on the notes of the corporation, had entered upon the cash book the net amount received from the notes when discounted and made no entry upon the books of the amount of discount. This practice continued over three years. The result was that his notes payable account in the ledger showed a balance of several thousand dollars less than the actual notes outstanding.

In 1908 the Massachusetts savings bank law was revised, and in the process of that revision it became a part of our state law that corporations borrowing from savings banks should furnish a statement of their condition certified by an accountant. I hold in my hand a blank which covers that statement. I do not know whether it is in force in any other state or not, but I will just give the headings. "Report of an examination of the affairs, assets and liabilities of (blank) at the close of business, the (blank) day of (blank) 191 , made in accordance with the provisions of subdivision b of clause eight of section 68, of chapter 590, of the acts of 1908, by (blank) an accountant approved for the purpose by the bank commissioner of the commonwealth of Massachusetts on the (blank) day of (blank) 191 , under approval certificate No. (blank)." This certificate is required to be filled out by the accountant, and he takes oath to its accuracy. It is a balance sheet.

On the assets side: Actual cash on hand; cash in banks; due from commission or selling house, representing goods sold; ac-

counts and notes receivable; merchandise and supplies which are the property of the corporation; other current assets (state nature); total current assets; machinery, tools, equipment, land and buildings owned by the corporation; assessed value; investments in stocks and bonds, sinking fund investments; good-will, patents and trade marks; other fixed assets (state nature): total assets.

On the liability side: Accounts payable, representing merchandise; notes payable, representing merchandise; notes payable, representing money borrowed; deposits of employees; deposits of money by officers, directors or others; accrued interest, rentals, pay rolls and taxes; chattel mortgages upon current assets; other current liabilities (state nature): total current liabilities. Bonded debt; mortgage debt; chattel mortgages upon deferred assets reserved for depreciation; other reserves; other deferred liabilities (state nature): total current and deferred liabilities; capital stock—preferred, common; surplus, including all undivided profits; total liabilities. Then follow questions as to the business of the corporation, and if the corporation is not incorporated in Massachusetts, is at least one-half of its real and personal property located within the New England states? This is followed by the signature of the accountant. This is followed by the sworn certificate of the accountant.

CERTIFICATE OF ACCOUNTANT

I have made an examination of the affairs, assets and liabilities of the.....
at the close of business on the.....day
of....., 191 , and hereby certify
that, to the best of my knowledge and belief, the liabilities as
exhibited in the balance sheet, schedules and answers to questions
contained in this report are true statements of the actual liabilities
of said corporation on said date, and the assets as shown in this
report are stated conservatively and not in excess of the actual
values of the said assets on said date.

.....

Signature of Accountant.

.....ss. (Date).....

Personally appeared.....

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and exhibited approval certificate No.....of the bank commissioner of the commonwealth of Massachusetts, and made oath that the foregoing statement is true and correct to the best of his knowledge and belief.

Before me,

.....
Notary Public (or Justice of the Peace).

There is also a third sheet on which appears the following: "The accountant will please state briefly on this sheet the extent to which the various items in the balance sheet were verified by him." This third sheet goes only to the office of the bank commissioner, and not to the various savings banks.

Gentlemen, if we would follow closely the outlines of such a schedule as that and answer the questions honestly there would be fewer losses chargeable to our lack of correct information.

We also have a law in Massachusetts which provides that the accounts of our savings banks shall be audited as often as once a year by a certified public accountant, selected by the auditing committee of the bank and approved by the bank commissioner. The report of the examination must be made upon blanks furnished by the bank commissioner, of which the following is a copy:

I.

The accountant will please insert this as the first sheet in the duplicate reports rendered to the Auditing Committee.

REPORT OF THE AUDITING COMMITTEE

.....MASS.,.....191 .

To the Board of Trustees of the

.....*Savings Bank of.....Mass.*

We hereby certify that under the requirements of Section 32, Chapter 590, Acts of 1908, as amended by Chapter 622, Acts of 1910, we have caused a thorough examination and audit to be made of the books, securities, cash, assets, liabilities, income and expenditures of the bank by a certified public accountant approved by the bank commissioner; that the nature, extent and result of such examination and audit is set forth in the following report of the accountant; that we have examined the report of the ac-

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countant and that it is correct to the best of our knowledge and belief.

.....	}	<i>Auditing. Committee.</i>
.....		
.....		
.....		
.....		

COMMONWEALTH OF MASSACHUSETTS.

.....ss.

Subscribed and sworn to this.....day of.....191 .

Before me,

.....

Notary Public or Justice of the Peace.

2.

.....MASS.,.....191 .

To the Auditing Committee of the

.....Savings Bank.

I Hereby Certify, that, in accordance with the requirements of law and the instructions given by the Bank Commissioner in his circular letter No. 123, I have made a thorough examination and audit of the affairs of the.....Savings Bank of..... for the period beginning.....191., and ending.....191.; that to the best of my knowledge and belief, the transcript of general ledger balances shown below truly exhibits the financial condition of the bank as disclosed by its books at the time stated, and that the annexed report, schedules and statements are true and correct.

.....

Certified Public Accountant.

COMMONWEALTH OF MASSACHUSETTS, } Subscribed and sworn

.....ss. } to before me this.....

day of.....191...

.....

Notary Public or Justice of the Peace.

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.....SAVINGS BANK OF.....
 Transcript of General Ledger Balances at
 the close of business.....191...

ASSETS	\$	LIABILITIES	\$
1. Public Funds, Bonds and Notes,		1. Deposits,	
2. Railroad Bonds and Notes,		2. Guaranty Fund,	
3. Street Railway Bonds,		3. Profit and Loss,	
4. Boston Terminal Company Bonds,		4. Interest,	
5. Telephone Co. Bonds,		5. Discount and Interest prepaid,	
6. Bank and Trust Company Stocks,		6. Suspense Account,	
7. Securities acquired for debts,		7. Rent,	
8. Loans on Real Estate,		8. Due on Uncompleted Loans,	
9. Personal Loans to:—		9. Bills Payable,	
a. Three or more individuals.		10. Other Liabilities, giving items:—	
b. Corporations,		a.	
c. Mass. Public Service Corporations,		b.	
d. Railroad Corporations,			
e. Collateral Loans on:—			
1. First Mortgages of Real Estate,			
2. Bonds and Notes,			
3. Books of Savings Banks,			
4. Railroad Stock,			
5. Life Insurance Policies,			
6. Other Securities,			
10. Real Estate by foreclosure,			
11. Real Estate in possession,			
12. Real Estate for banking purposes,			
13. Expense Account,			
14. State Tax Account,			
15. Taxes and Insurance paid on Mortgaged Properties,			
16. Premium Account,			
17. Furniture and Fixtures,			
18. Suspense Account,			
19. Other Assets, giving items:—			
a.			
b.			
20. Deposits in Banks and Trust Companies,			
21. Cash and Cash Items,			
Total Assets,	\$	Total Liabilities,	\$

3.

The accountant will please state on sheets 3, 4 and 5 in what manner or to what extent the various items in the balance sheet were verified by him, and append his signature to each sheet. If sufficient space has not been provided, please write additional matter on a separate paper and attach to the sheet under its appropriate head.

ASSETS

1. Bonds, Notes and Stocks.
2. Securities acquired in Settlement of Indebtedness.
3. Loans on Real Estate.
4. Loans on Personal Security.

.....
Certified Public Accountant.

4.

5. Real Estate by Foreclosure.
Real Estate in Possession.
6. Real Estate for Banking Purposes.
7. Expense Account.
8. State Tax—Taxes and Insurance on Mortgaged Properties
—Premiums—Furniture and Fixtures—Suspense—Other
Assets.
9. Deposits in National Banks or Trust Companies.
10. Cash.

.....
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5.

LIABILITIES

1. Amount due Depositors. (Please state in detail how and to what extent this item was verified.)
2. Guaranty Fund.
3. Profit and Loss.
4. Income from all sources.

.....
Certified Public Accountant.

delivered to the importer. These trust receipts carry the title to the merchandise or to notes receivable, or accounts receivable resulting from the sale of such merchandise. It has come to my notice that statements of condition have been made wherein merchandise covered by trust receipts has been included in the inventory, and the amount of indebtedness covered by such trust receipts has been included in the liabilities, but no mention was made of the fact that the merchandise so covered was not available to pay debts due general creditors, and there have been cases of failed concerns where this condition of things has resulted disastrously for the general creditors.

As accountants we should be very careful that statements certified by us should show clearly the assets covered by trust receipts.

Many of you are familiar with the blanks for statement in use by the American Bankers' Association and the other banking bodies in this country. It seems to me that much of our business in the future will be that referred to by Mr. Sears this morning.

PRESIDENT MONTGOMERY: I think, in view of the fact that these blanks are different from any other state's, it will be found interesting to reproduce them in the year book. The matter is now open for general discussion. There is one point I would suggest. In reviewing the many letters which came from bankers to the committee on credit information, I think it was found that the inventories taken by accountants were the one moot point. Mr. Sears refers to this, as does nearly every other banker today. I think it might be of value to us to have some remarks on the question of the verification of inventories and bring out, if possible, any improvements that we, as accountants, may incorporate in our work.

A DELEGATE: Mr. Sears, what procedure would you take in order to verify inventories—I mean what method might we pursue?

MR. SEARS: We once did it this way in our bank. A firm in a distant city was being criticised by mercantile agencies in regard to the inventory. We did not believe this firm deserved this criticism and so we called up the firm, as our relations were very friendly and confidential, and we told of these criticisms, but said we thought they were unfounded. We said, "We think the best thing for you to do is to have us send out our accountant the next

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time you undertake an inventory. If you wish we will send down our accountant and let him stay during the taking of your whole inventory." That was done, and our man came back with the inventory. It was correctly taken.

Of course, the judgment of values is quite a question there. I do not see how you are to find a man who is capable of appraising cotton and leather and all sorts of manufacturers' raw material, for no ordinary man who has not had the training can tell what these raw materials are worth. Whether a classification of values has to be developed in your business or not, I do not know; that is a great undertaking. If you are going to associate with your profession a lot of men who know the different values of merchandise, it will indeed be a great profession, and the public had better pay a good price for your services rather than suffer a loss.

(President Montgomery asked Mr. Chase to preside.)

MR. W. SANDERS DAVIES (New Jersey): Mr. Sears in his paper remarked, "In another case the bookkeeper of a large manufacturing firm had not entered up for a long time discounts to which customers of the firm were entitled, etc. As a result of this neglect * * * in some instances the firm actually owed money to customers from whom balances were apparently due according to the books." This statement brings to my mind a matter which interests all of us and as to which the bankers can help us. Most of us, I take it, have suggested to our clients the advisability of sending out statements of account by the auditors direct to the customers in order that the accuracy of the balances may be verified, with a notation at the foot to the effect that the statement is not a request for payment, but is issued for verification, and if there are any errors or omissions to communicate directly with the auditors, Messrs.

We have frequently been met with the reply that to do such a thing would hurt the firm's credit.

Now, with statements thus issued the conditions to which Mr. Sears referred would most surely have been disclosed and the inefficient bookkeeper discharged or put on the right track in the future. So in this respect the bankers can assist us to verify the accuracy of the accounts receivable by pointing out to the client the necessity of having statements issued to debtors by the

auditors, and by explaining to them that instead of hurting their credit the fact that it was done would rather enhance the same.

I had not intended to touch on the verification of inventories, but will just skim the subject. The clerical accuracy of extensions and additions should receive our attention, but I do not conceive it to be the accountant's duty when making an audit to become an appraiser of the items contained in the inventory.

In a general way, however, I think it his duty to see that goods are valued at cost or as near cost as can be ascertained, except in a case where the then market value was below cost, in which case the market value should be substituted. In a general way, too, he should scrutinize the inventory to see that the quantities of goods on hand were apparently normal, which he would very frequently be able to do by his general knowledge of the business gained in the course of the audit.

MR. F. J. HILLMAN (Massachusetts): The matter which Mr. Sears has touched upon this morning and which our president has suggested as one of vital importance to us, is one to which my firm has been giving serious attention for some years. We have met this constant criticism on the part of bankers that the one essential thing in the balance sheet is not properly covered by the usual accountant's examination.

I am taking the liberty of explaining to you what our conclusions have been, and we hope to suggest something to you so that you will give us the benefit of your experience, thereby resulting in an exchange of opinions to the benefit of us all.

It has always seemed to me—and I think many of you have arrived at the same conclusion—that the training of an accountant does not qualify him to take up that part of our work which has developed with rapidity during the past ten years. The part which I refer to is the establishment or laying out of cost systems, which has grown to production engineering or efficiency engineering. The work has to do with factory costs and efficiency in the factory. We separate our business into two departments which we call our auditing and accounting department, and our engineering department. The latter is headed by a man who has had long experience in practical factory work. We have had the co-operation of banks to a considerable extent in the method which we have adopted in the verification of inventories. We agree

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with Mr. Sears that it is impossible that any one man can qualify with respect to values with which we are bound to come in contact in a variety of examinations. But a man who has devoted a lifetime to factory conditions, costs of production, methods of manufacture, etc., is in a better position than most of us who have been trained as accountants.

On the question of an inventory of manufacturing concerns, we have adopted the method of superintending the taking of the inventory—that is, a superintendent oversees the work of the one placed in charge of taking the inventory by directing the work—not attempting to verify the items but directing the work of the employees of the client; taking up the cost of those items—if raw materials—from the bills of purchases of raw material; taking up the cost of goods in process of manufacture, with the cost system in operation in the factory, and checking up the cost of the manufactured product in the same way. This gives us and the banker a reasonable idea of the cost.

When that verification has been completed it is turned over to the auditor in charge of the audits to verify. That gives us a reasonably good check with respect to the inventory. It insures that the inventory has been carefully scrutinized and carefully taken under the direction of a disinterested party, and, making some allowance for his capacity, it represents honest judgment and a true and correct inventory. True, we have experienced some inconveniencing of our clients with such a procedure and the expense is considerable. But when we have the backing of the banking interests from whom our clients are borrowing substantial amounts, and the confidence of our clients, it seems to me it will become easier year after year to verify inventories by such a process. I offer this to you as a method we have tried for five years, in the hope that it will result in other suggestions from some of you who have tried similar or different schemes.

MR. EDWARD P. MOXEY, JR. (Pennsylvania): You may remember that a speaker at one of the sessions of this present convention made the remark that no paper was complete nowadays without reference to the high cost of living. Mr. Sears has been no exception to this rule. He says, "One of these problems is to reduce the excessive cost of distributing merchandise from the producer to the consumer, and so to reduce the cost of living."

The question in my mind is whether or not we, as ordinary consumers, are not the ones at fault. We do want this high cost of living reduced, but are we willing to get along with the discomforts which existed in the days of our grandfathers?

Permit me to illustrate my point. Mr. Sears gives an illustration of the handling of shoes. This is only one instance out of thousands of cases which he might have cited. Suppose, for instance, I find I need some shirts or collars. I go into a shop; I speak to the dapper salesman behind the counter and decide upon what purchases I will make. He says to me, "Shall I have these sent?" I look at him in utter amazement to think that he should make such a suggestion. I would not take a bundle along the street for anything in the world. Neither would the ordinary customer; yet not so many years has it been since we have seen people taking bundles along with them.

He says to me, "You will have these charged?" I reply, "Certainly." I don't want to be bothered. I pay all my bills at the end of the month, and most of you do the same thing.

What does this mean in the way of cost to the retailer? Does it not account for practically all of his 60 per cent to move the shoes spoken of by Mr. Sears? And so it is in every other branch of merchandise. There is the cost of delivery, services which average from twelve to sixteen cents for each package; there is an extensive and expensive accounting department which must be maintained. It has been suggested by credit organizations that there be installed in credit departments two prices—one to the charge customers and one to the cash customers. That might be a partial solution to the difficulty, but it has not been put into effect to any considerable extent.

The high cost of living ought not to be spoken of in that way. It should be described as the cost of high living, and not the high cost of living. When we cannot get along in any way except by paying the cost of high living, I do not see how we can reduce the high cost of living.

MR. ENOS SPENCER (Kentucky): I agree heartily with Mr. Davies as to asking merchants to send in their statements. In Kentucky if statements are sent to the customers the majority of them consider it a dun. The clients, therefore, object to sending out statements to them. On one occasion I was called in where

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the books were badly mixed up. It was a tobacco business. I sent out the accounts for the accounts receivable, and the firm received half a dozen letters asking what was the trouble. If the merchants and people are educated up to this point it will save a great deal of trouble, and prevent the getting of letters from the eastern people asking if the firm is in a failing condition.

MR. NAU: Since this question of the certification of the balance sheet has been injected into this discussion, it might be well for me to repeat in an informal way the form of certificate which we use. Every certificate that goes out of our office is a qualified certificate—qualified, however, in such a way as does not leave it open to most of the usual objections to a qualified certificate.

The machinery by which this is brought about is something like this: "We hereby certify that the attached balance sheet—exhibit A, income and profit and loss account—exhibit B, surplus account—exhibit C, together with the above enumerated supporting exhibits and schedules, correctly exhibit a history of the financial transactions of such and such a corporation or firm (as the case may be) for the period under review and its financial status as at _____, subject, however, to the comments on the details of the examination hereto attached and made a part of this report."

In a separate division of the report, under the caption "Comments on the Details of the Examination," the balance sheet is then taken up and every item or group of items on both sides is very briefly mentioned. This gives the opportunity to state specifically what was done in the way of verification and what was assumed or left undone.

This running comment not only lends itself to making the necessary qualifications, but also to a discussion of the salient features to which it is desired to call attention, and occasionally this also implies criticism.

The profit and loss and surplus statements are taken up in a similar way. This gives a very brief and comprehensive review of the whole situation; and the form of certificate, itself, having been related to the comments, puts everybody on notice to discover in what manner the certificate may be qualified as to any of the items in the balance sheet, or as to the extent of the qualification which was made.

MR. MONTGOMERY: I think that it is almost invaluable for those who see our reports to have the information which Mr. Nau would give them. At the same time we must consider that bankers and large creditors want a short certificate. The bankers are very seriously considering the elimination of loans to borrowers whose balance sheets are not certified. Most of them come through note brokers. The balance sheet must be condensed; hundreds and perhaps thousands of copies are made and sent to bankers throughout the country. What they want is a statement of assets which is so grouped as to carry as much information as possible, and a statement of the liabilities in the same way. They want something to show the net work of the concern with a certificate to this effect: "Audited and found correct." Sometimes we can do that—perhaps, oftener, we cannot—but what we can very frequently do is to prepare a balance sheet and say "Audited and found correct". If we can modify it to meet the exigencies, that, in our opinion, will answer. In days past the client was a great stickler for our making up of the balance sheets from the books, and if it was found that changes were necessary, he would say, "Make them and put in the report." The balance sheet went to the bankers; our reports did not go to the bankers. Now the bankers know that a large number of their customers have their books audited regularly by public accountants and that the customers have the reports. Which will be the more valuable to the banker—the verified or the unverified balance sheet?

I believe in a few years we shall be able to make such changes on the balance sheets as will be necessary and that we can put at the bottom of the sheet, "We have examined the accounts of and in our opinion the above is a correct statement." That is what we must have in mind. That is what we must work to, for after all in doing that we are of the most benefit to our clients and we become invaluable to the bankers. At present we must put in these modified certificates. What we can best discuss is what is the ideal certificate, and how can we shorten the entire statement of assets and liabilities so that the balance sheet can be sent through the country certified in such a way as to be of more value to the bankers in the future than it has been in the past.

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(The president resumed the chair.)

MR. JOHN A. WILL (Missouri): When borrowers present a statement and not a written report to bankers it has been my custom to state on the balance sheet that this balance sheet is subject to report of such and such a date. That prohibits a man from taking a balance sheet to the bankers without the report. I have always felt it was almost impossible to present to the banker an unqualified statement.

PRESIDENT MONTGOMERY: Note brokers have told me that a qualified certificate works to the disadvantage of the client, and if accountants can get borrowers to afford them sufficient scope for the examination, so that they can give an unqualified certificate, it will be to the advantage of the borrower. But until we get this permission from the borrowers the accountant is compelled to make that qualification.

MR. STANLEY YOUNG (Missouri): That is a question which has been before the American Bankers' Association for several years. Two years ago they prepared a model for borrowers to sign, and that statement was drawn up in considerable detail and could form the basis of one for us. However, they have found great difficulty in putting it into use. It is a very admirable model; it is prepared with a large amount of elaboration; but the bankers have come to the conclusion that it will entail a great deal of trouble to compel their clients to sign that paper. What we want to have is some form that will be condensed without too much reservation. I feel strongly that this is a thing to which we ought to devote considerable time.

I would call your attention to something you evidently have not considered. Bankers are practically in a position to compel a more detailed statement. It is true one bank cannot insist upon getting a detailed statement from a borrower, but the bankers through their American Bankers' Association as a clearing house, are a power, and that clearing house could very properly say that bankers could not extend credit unless a detailed statement was presented by the applicants for the loan. Then the clearing house examiner could make it his duty to insist upon a certified statement. Up to the present time this has not been done.

MR. MOXEY, JR.: Does not the whole question result in this: there are only two kinds of certificates—the qualified and the un-

qualified? When an accountant certifies that it is true, he is acting in the capacity of an accountant; but his putting himself in the position of appraiser—and the question is how far shall we go?—by certifying to certain rates is taking entirely too much responsibility upon himself. I have taken up this question with several comptrollers of the currency, and they claim there should be two kinds of an examination and two certificates, an accountant's certificate and an appraiser's certificate.

PRESIDENT MONTGOMERY: Coming back again to the investigation made by the committee on credit information, you can, if you wish, say you assume no responsibilities for inventories. On the other hand the bankers may say to us: "If you gentlemen do not do something for us in the case of inventories we shall get some one who can, and if such a profession has not been exploited in this country we shall help to exploit it." Personally, I think the accountants can help the banker by studying the question of inventories. An accountant should be able to criticise them to the advantage of the borrower and banker alike.

MR. CHASE: Is there a standing committee to which this matter can be referred and by it be taken up with the American Bankers' Association? I move that this matter of certificates be referred to it if there is one, and if not, that a special committee be appointed.

PRESIDENT MONTGOMERY: I would suggest that the board of trustees be instructed to continue the present committee on credit information, and that this matter be referred to that committee.

MR. CHASE: I make a motion that the board of trustees be instructed to continue the committee on credit information and that this matter of certificates be referred to it, and that this committee be instructed to confer with the American Bankers' Association.

(The motion was duly seconded and unanimously carried.)

MR. J. F. FORBES (California): I move that the thanks of this association be extended to Mr. F. B. Sears for his most excellent and instructive paper, and that the secretary of the association transmit these thanks to Mr. Sears.

(The motion was seconded and unanimously adopted.)

APPENDIX B

Reports of Officers, Trustees, Committees and
State Societies

American Association of Public Accountants

Report of the President

The year just closed has been on the whole an eventful one. We have not yet reached that happy condition where peace and prosperity so abound that the course of events leaves nothing to be desired.

The reports of Committees and the Secretary will show in part what has been done, but they will not reflect all of their activities. In the present state of our profession it is almost as easy to retrogress as to advance, and many problems have confronted the Committees and the Secretary, the wise settlement of which cannot, for obvious reasons, be commented upon in their reports. Therefore in considering the reports we must not forget to be appreciative of the vast amount of work done of which no record appears.

The membership of the Association is still growing, as will be noted in the report of the Trustees. The increase, however, is far from satisfactory. The demand for the services of accountants has outgrown the supply, and there is every indication that this condition will become more acute. Unfortunately, much of the demand arises during the first few months of the year, a time already congested beyond the limits of most practitioners. In my opinion the Federal excise tax did much to intensify this congestion, although there is an undoubted inclination on the part of most business men to call for a financial statement at the close of the calendar year.

The Secretary and the Committees on Federal Legislation have, during the last few years, spent an immense amount of time and effort in persuading legislators that corporations, firms and individuals should have the right to report to the taxing authorities at the time of the year most convenient to themselves. As to corporations it is believed that a gratifying result has been

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achieved. I submit that this campaign in itself demonstrates the absolute necessity for a strong and active national organization.

But, assuming that accountants' work can be spread more or less evenly over the entire year, it is still apparent that our present membership is far short of what it should be. A considerable number of accountants are in practice who are not affiliated with the state or national bodies. Many of them are doing creditable work, and an effort should be made to add their names to the membership of the state societies and thus bring them into this Association.

If the demand for accountants' services increases to the extent predicted by many bankers who are in a position to know whereof they speak, it is quite possible that so much of the increase will be taken care of by those outside existing societies that our prestige will be affected. In any event, I submit for your consideration the advisability of directing that a survey of the situation be made without delay.

While I am in favor of a liberal policy towards those who are now in practice, and who are not members of a state society, I feel very strongly that ultimately we must insist on much higher qualifications than now exist for membership in this organization. Let us secure, if possible, the membership of all of the older men who are reasonably well qualified, but, as to the future which we hold out for the younger men, I favor the enactment of an amendment to Section 2 of Article II of the Constitution, whereby the practice qualification for Fellow members shall be, as of some future dates, five and seven years.

Too much importance has been placed upon the passing of the C. P. A. examinations. The large percentage of failures is due not to the unfairness nor difficulty thereof, but to the unpreparedness of the applicants. We have made it too easy for them in the early stages, and they feel aggrieved when they hear that only ten per cent. pass a given examination.

The profession of accountancy demands long years of practical training as well as theoretical preparation.

The objects of this Association, adopted twenty-six years ago, include an active interest in the standards of the profession throughout the country, and I think it is in order for us at this meeting to adopt resolutions calling upon the state boards of

Reports of Officers

examiners to insist upon what is equivalent to apprenticeship for young men, and a gradual increase in the severity of the examinations.

On May 1st, 1913, I sent a circular letter to each member of the Association reviewing much of the work accomplished during the active part of the year. Therefore, at the present time I purposely omit specific reference to many of the important happenings of the year. Those who are genuinely interested in the welfare of the Association will be interested and instructed by a perusal of the reports of the Vice-Presidents, dealing with the manifold activities of the state societies; with those of the Committees on Membership, By-Laws, State Legislation, Federal Legislation, Journal of Accountancy, Education, Terminology and Credit Information and with that of the Secretary.

We have never had Committees which have done harder and more efficient work, and I ask every member of the Association to read their most interesting reports.

Our Secretary has been faithful and untiring, and he deserves all of the credit which he has received from individuals and societies throughout the year, and I am sure you will agree with me, after hearing his report, that we are to be congratulated upon our selection of an Executive Secretary.

We still lack one very important feature of a well-organized body—we are not properly financed. Our regular income is insufficient for our too modest requirements, and we are dependent upon a comparatively small number of individuals to make good our deficit. We must face the question squarely. If the work of the Association commends itself to you as necessary, and if progress is to be made, it is imperative that an adequate and creditable plan be adopted at this meeting.

In the past we have prospered and become strong through the recognition of our shortcomings and an earnest and unselfish effort to correct our mistakes and profit by experience. As a profession we have much to learn and perhaps much to unlearn, but, if we continue in our mutual esteem for each other and our undivided love of our chosen profession, we shall attain to greater fields of usefulness and honor.

ROBERT H. MONTGOMERY, *President.*

New York, 1st September, 1913.

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Secretary's Report

TO THE BOARD OF TRUSTEES OF THE AMERICAN ASSOCIATION OF PUBLIC ACCOUNTANTS

GENTLEMEN :

The report which I have the honor to submit herewith covers the work of the Secretary's office during the fiscal year ended August 31, 1913.

JOURNAL OF ACCOUNTANCY

The report of the Committee on Journal shows that for the first time in its history THE JOURNAL OF ACCOUNTANCY is on a paying basis. When the association took over the responsibility for publication, THE JOURNAL was losing money regularly, but by means of careful business management and on account of the excellent work done by The Ronald Press Company, the balance is now on the credit side and there is every reason to believe that THE JOURNAL will continue to show a profit. The number of contributions received has shown a marked increase, particularly in the latter half of the fiscal year, and the interest taken by members of the association is gratifying, not only to the Journal Committee, but also to the Secretary, upon whom the editorial duties devolve. There is still room, however, for a great deal of improvement in this respect and THE JOURNAL needs the coöperation of the entire membership both in subscriptions and literary contributions.

During several months of the year I have had the active and valuable assistance of Mr. Hugh Conyngton in the temporary position of managing editor and during the entire year the members of The Ronald Press organization have rendered valuable aid.

YEAR BOOK

During the period under review the year book of the association appeared within a reasonable time after the date of the annual meeting. The 1912 book was published on December 20th, and was distributed by The Ronald Press Company. Under an agreement ratified by the Board of Trustees in September, 1912, the association received from The Ronald Press Company the sum of \$150.00 for the privilege of publishing the book. I am informed that the company has made a loss on this transaction, and although future sales of the book may compensate for the loss thus sustained, it will not be practicable to effect another agreement on the same terms. A tentative agreement has been made by the President and Secretary, acting under authority of the executive committee, whereby The Ronald Press Company will publish the 1913 book on a basis which will prevent the necessity of any appropriation from the association, and all profits will be divided equally between the association and the company. The expense of production will be borne by The Ronald Press Company.

It is unfortunate that so large a percentage of the membership does not purchase the year book, but as the interest of members in the work of the association advances the circulation will doubtless show a considerable increase.

The free distribution of the year book is limited to kindred organizations of accountants and to libraries of leading universities.

Reports of Officers

FEDERAL LEGISLATION

The campaign to secure amendment of the corporation tax law, which was instituted by the association two years ago, has this year been transferred to suggestions concerning the drafting and amending of the income tax bill which will supersede the present federal excise law. In the bill (which may be law before this report is read) the fiscal year in the case of corporations has been substituted for the present calendar year provision, and although it does not seem practicable now to obtain an extension of that principle so as to include individuals, it is hoped that an amending bill can be successfully introduced to bring about that result in the near future.

The work which the federal legislation committee is doing is one which is attracting much attention throughout the country, and during my visit to the state societies in the West I invariably found an eagerness to be informed of the progress which our efforts were making in Washington. Business men in large cities expressed themselves as much gratified by the probability of success of the association's work.

It is possible that a bill providing for federal incorporation of companies will be introduced at a future session of the present congress. In that event it may be found needful to proffer assistance to members of congress in the preparation of technical clauses of the bill, and judging from the present willingness of members of congress to seek the advice of accountants it should be possible to prevent the writing of unbusinesslike and impracticable provisions in the expected bill.

The amount of time which I have spent in Washington has been considerable, but has seemed necessary in order to keep in close touch with developments there.

STATE SOCIETIES

During the year the Secretary has visited the following state societies: New Jersey, Pennsylvania, Virginia, Missouri, Tennessee, Louisiana, Texas, California, Oregon, Washington, Colorado, Minnesota, Wisconsin, Illinois, Rhode Island, Kentucky, and New York. A visit to Detroit was cut short by a call to Washington and the expected meeting with the Michigan Society was unavoidably postponed.

During my tour of the Western societies I addressed various commercial and civic bodies in the larger cities and was everywhere received with most gratifying cordiality, and was assured that the work of the national association was heartily endorsed not only by accountants but also by the business community.

The fact of a visit by an executive officer of the national organization to the state societies was appreciated, and I believe that a better feeling and a more familiar interest has resulted in nearly every case.

It would not be possible to refer in full to the visits to each of the societies, but it is of interest to report that certain undesirable conditions which existed in a few of the states at the time of the last annual meeting have been considerably improved.

In Kentucky the new society which has supplanted the old association is growing and its members are displaying a commendable interest in the work of the American Association and are accomplishing good results.

In Texas the dispute which had threatened that society has been overcome and I am informed that the prospects of amicable coöperation are good.

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The California societies have joined forces. In both Los Angeles and San Francisco I was informed that the accountants were animated by a keen desire to work together.

In Minnesota the difficulties which have existed for so long are in a fair way to termination, and it is expected that the unfortunate administration of the C. P. A. law in that state will be supplanted by a more careful supervision of accountancy.

In Louisiana the amendment enacted in 1913 has been declared unconstitutional. The accountancy board, under the original law, has been appointed and the present President of the Louisiana Society is one of the members.

In many of the state societies there is a feeling of jealousy between the members which is entirely inimical to the efficient work of those societies. Some of the members seem to consider that if they do not hold office they have no part and parcel in the work of the American Association, and for that reason, as well as on account of their lack of information of the real conditions, they regard the national organization as of doubtful value. In nearly every case, however, explanation of the work of the association and of its methods is sufficient to overcome the feeling of indifference, or worse, which may have existed or may still exist.

CREDIT INFORMATION

Since the beginning of the calendar year the work of the committee on credit information has called for constant attention. The publication of the book entitled "The Influence of Accountants' Certificates on Commercial Credit" necessitated circularizing an immense number of bankers and also the distribution of literature among the members of the association. Since the book has been published I have received a great many personal letters expressing hearty approval of its contents and predicting that it will hasten the betterment of relations between bankers and accountants.

A prominent officer of the National Association of Credit Men has suggested to me that this book should be followed by a symposium of the views of credit men on the statements submitted by seekers for mercantile credit. Other ways of extending the campaign of education which this book has begun have been suggested, and it seems to me that the amount of work which can properly be done in the direction of increasing the public knowledge of the nature and value of accountants' services is almost limitless.

CERTIFIED PUBLIC ACCOUNTANTS IN THE UNITED STATES

A card index containing the names of certified public accountants in all states of the United States is being compiled in the Secretary's office and such information as is obtainable in regard to the holders of certificates is being recorded. It is a difficult task to keep this record up to date for two reasons. The first of these is the forgetfulness of members of state boards to notify the Secretary of new certificates issued, old ones canceled, deaths of holders or other changes which may occur. The second is the refusal in some cases to supply the information. The National Conference of C. P. A. Examiners and the Committee on Education have been seeking to obtain information similar to that which is required by the list referred to, and by comparison of the data obtained by these bodies it has been possible to complete the list in regard to many of the states. If secretaries of state boards would realize the importance of the main-

Reports of Officers

tenance of a complete list and would take the trouble to supply it to the Secretary, a record of much value would be easily obtained.

ETHICS

When addressing state societies I have invariably referred to the question of professional ethics and have found that this subject is one that leads to much discussion and the expression of widely varying opinions. It is gratifying to know, however, that in the majority of cases accountants are anxious to learn the ideas of the national association and express a readiness to conform to the standards which are recognized by the association. One of the most difficult points that is encountered is the reconciliation of the necessity for educating the public with the deprecation of personal advertising; but, speaking generally, the accountants of the country are ready to admit the undesirability of personal advertisement and I believe that a considerable lessening of this practice is manifest.

GENERAL

In concluding this report I desire to express my very hearty thanks for the personal advice and assistance which have been so kindly given me by some of the members of the association, particularly by members of the board of trustees, in carrying on the work of the secretarial office. Success can only result from the advice and suggestions of accountants who have the welfare of the profession at heart. The work is at its beginning and its possibilities are unbounded. If accountants will come to regard the office of the national association as an exchange or clearing house wherein the professional welfare is guarded and the nation-wide work of the profession is fostered, far more can be accomplished. Already the value of membership in the American Association of Public Accountants has increased to an enormous extent, but an infinite amount of work and progress lies before us.

September 1, 1913.

A. P. RICHARDSON,
Secretary.

Treasurer's Report

TO THE OFFICERS AND MEMBERS OF THE AMERICAN ASSOCIATION OF PUBLIC ACCOUNTANTS:

GENTLEMEN—I herewith submit my report as treasurer, as of September 12, 1913.

RECEIPTS

Cash on hand as per report (September, 1912)	\$4,121.77	
Dues	5,135.09	
Membership fees.....	40.00	
"Influence Accountants' Certificates".....	1,046.08	
Year book.....	46.50	
Special publicity.....	647.00	
Interest	71.03	
Guarantors	2,365.00	
Ronald Press.....	150.00	\$13,622.47

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EXPENDITURES

	<i>Appropriations</i>	<i>Expenditures</i>
Stationery and printing.....	\$ 650.00	\$ 527.24
Postage, express, telegrams, etc.....	350.00	184.00
Secretarial expense.....	1,800.00	1,478.61
Office expense.....	1,000.00	994.21
Annual meeting.....	400.00	
By-laws	150.00	27.20
Year book.....	100.00	
Legislative	150.00	30.00
Executive committee.....	250.00	48.79
Education	150.00	61.30
Arbitration	100.00	
Federal legislation.....	300.00	300.00
Press and publicity.....	100.00	
Chamber of Commerce.....	50.00	30.00
J. B. Geijsbeek (special).....		392.11
Retiring officer's emblem.....		50.00
Publicity		211.50
Credit information.....	647.00	647.06
Executive secretary.....		3,999.99
Federal legislation (special).....	577.38	417.21
		<u>9,399.22</u>
Balance on hand.....		\$ 4,223.25
Girard Trust Company.....		3,927.29
Equitable Trust Co. (New York).....		195.96
Petty cash.....		100.00
		<u>\$ 4,223.25</u>

Respectfully submitted, JAMES W. FERNLEY, *Treasurer.*

Report of Auditing Committee

BOSTON, September 16, 1913.

The committee chosen to audit the accounts of the treasurer of the American Association of Public Accountants has attended to that duty, and begs leave to report that they have examined the accounts of the treasurer for the fiscal year ending August 31, 1913, and up to the 12th of September, 1913, and have found them to be correctly kept: all disbursements being supported by apparently good and sufficient vouchers: the balance of cash remaining unexpended, amounting to \$4,223.25, being shown to be on deposit by certificates to that effect duly executed by the banks, excepting as to \$100.00 which is held by the secretary of the association for convenience, as provided for.

Respectfully submitted,

WM. FRANKLIN HALL,

GEO. L. BISHOP,

Committee.

Reports of Committees

Report of the Board of Trustees

The board of trustees of the American Association of Public Accountants has held the regular meetings during the year. Much of the work of the board has been carried on by the executive committee of the board and a copy of the report of that committee is attached hereto. The actions of the committee have been approved by the board.

The activities of the association will be found in the reviews given by the reports of the several committees and the secretary. The treasurer's report shows total receipts of \$13,622.47 and expenditures of \$9,399.22, leaving a balance on hand of \$4,223.25.

The roll of the association, excluding all duplicate memberships, now numbers 1,067, as compared with 1,029 at the date of the last annual meeting, an increase of 38.

The committee on constitution and by-laws has prepared and submitted to this board proposals for amendments to the constitution and by-laws of the association and these proposed amendments have been referred to the association for action at this meeting.

The board of trustees has referred to the association for consideration at this meeting a proposition to hold the 1914 convention of the association in the city of Washington.

Reports of the officers and committees of the association will appear in the year book, and the board of trustees directs particular attention to the reports submitted by the committees on accounting terminology, state legislation and education. Work of the several state societies is reviewed in the reports of these societies, which also will be published in the association year book.

Respectfully submitted for the board of trustees,

R. H. MONTGOMERY, *President*.

REPORTS OF COMMITTEES

Report of the Executive Committee

TO THE BOARD OF TRUSTEES OF THE AMERICAN ASSOCIATION OF PUBLIC ACCOUNTANTS.

GENTLEMEN: Since its election by your board on September 19th, 1912, the executive committee has held fourteen duly called meetings.

The regular routine duties of administration and management have been carried out with careful attention to economy and the best interests of the association.

The treasurer's report shows the financial condition of the association. It will be noted from this that it has been necessary to call the second year of the guarantee fund. In all probability it will be necessary to call the third year also so as to provide against the possibility of a deficit during the current year.

The committee deemed it desirable to send the secretary to investi-

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gate the situation in Kentucky, and on the strength of information obtained by him the committee recommended that a mail vote of the trustees be taken as to the desirability of admitting the Kentucky Society of Public Accountants, calling upon the Kentucky Association of Public Accountants to show cause why it should not be dropped from membership.

This vote was unanimously in favor of the proposition and as announced to you at the semi-annual meeting the Kentucky society is duly admitted.

The office of the association is held under a lease in the secretary's name and your committee authorized the payment of the rent thereof when due.

In view of the increasing expense connected with the holding of the annual convention it was thought desirable that a special committee should be appointed to investigate the question of the practicability of holding the 1914 convention in the city of Washington, where no one state society would be called upon to bear the brunt of the expense. This committee reported to your board at the April meeting and the proposal was approved with instructions to report to the association at its meeting in Boston, September, 1913.

The idea of bringing the state societies into closer touch with the national organization was the subject of frequent consideration of your committee and it was decided that the secretary should make a personal visit to the state societies and endeavor to encourage a feeling of interest and familiarity with the work of the association. In the secretary's report will be found a brief review of his tour of the societies in the south and west. The result of this closer personal touch is satisfactory and it is a pleasure to report that there is a better understanding between the national and state bodies than has sometimes existed in the past.

The special committee on credit information appointed by the president in accordance with resolution of the association in September, 1912, required the use of more funds than were available, and accordingly the president called upon state societies for contributions to a special fund. The amount received in response to this call was \$647.00, and your committee directs especial attention to the report of the committee on credit information for a review of the excellent work which has been done by it.

Several meetings of the executive committee were held jointly with the special committee on credit information and the campaign among bankers was undertaken with the hearty approval of the executive committee.

The secretary was instructed by resolution of your committee to maintain a card index of all the certified public accountants in the United States together with any important information concerning each. This index is being collected as rapidly as possible, but owing to the difficulty in securing returns it is not yet complete. However,

Reports of Committees

the work which has been done in this direction is of considerable value and your committee feels that the state boards throughout the country should lend every assistance in their power to the collation of data which will be of interest and value to the entire profession.

Upon receipt of a communication from the chairman of the committee on education regarding the propriety of publishing the syllabi of state boards and papers prepared by them, the matter was referred to the trustees by mail vote in order to obtain the opinion of the board. The result of this vote was in favor of such publication, with the proviso that the editorial work should be supervised by the secretary of the association.

The report from the special committee appointed to consider the question of an increase of dues was received and your committee decided to request the committee on constitution and by-laws to draw up an amendment for submission to the association providing for an increase of dues under certain conditions which will be found in the report of the committee on constitution and by-laws.

The Institute of Chartered Accountants of England and Wales and the Society of Incorporated Accountants and Auditors hold conventions in the cities of Liverpool and Leeds respectively in the first and second weeks of October, and both organizations have extended invitations to the American Association to send delegates thereto.

The matter was referred to the president and secretary, who have reported that none of the officers or ex-presidents could be found able to accept this invitation and the secretary has been instructed to notify the two associations in question that if it were possible to select delegates at the time of the convention advice to that effect would be sent by cable.

The payment of dues by members at large and state societies is in many cases deferred until the last part of the fiscal year, and this leads to a considerable inconvenience, which your committee believes the members should be willing to obviate. According to the constitution and by-laws, the dues are payable at the beginning of the fiscal year, and we suggest that it be impressed upon members that prompt attention to the payment of dues would greatly facilitate the work of the association.

Your executive committee has approved a tentative report on budgetary requirements, the substance of which will be found in the report of your committee on budget.

In addition to the foregoing special activities of your committee the routine work is steadily increasing and the widening sphere of interest and endeavor calls for constant attention.

Respectfully submitted for the Executive Committee,

ROBERT H. MONTGOMERY,
President.

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Report of Committee on Accounting Terminology

TO THE PRESIDENT AND TRUSTEES OF THE AMERICAN ASSOCIATION OF PUBLIC ACCOUNTANTS:

GENTLEMEN—Your committee on accounting terminology herewith presents its report, and regrets that the time at the committee's disposal would not permit a more comprehensive report to be made.

The most that the committee could hope for was to supplement to some extent the work done by former committees.

The definitions submitted herewith are taken almost entirely from accounting books and from the letters of members of our association.

Within a short time after your committee was appointed, we had the secretary of the association send out a letter to every member requesting him to submit one or more accounting words or terms, with definitions. The committee received forty-seven replies, twenty of which contained words and terms with definitions, the remaining replies containing words or terms without definitions. The replies accompanied by definitions averaged about seventeen words or terms.

The committee has supplied the definitions as far as time would permit on words sent in by members without definitions, and in addition has supplied many words and terms with their definitions as taken from accounting books.

The committee has on file several hundred words or terms, for which, owing to lack of time, we have not been able to supply definitions, and they are, therefore, not made a part of this report.

The committee has included in its report accounting words and terms as taken from the work of previous committees, contained in the year books of 1909 and 1911. We have not given the definitions of such words and terms, but we have given the page, in each case, of the year book upon which the definition may be found.

The total number of words and terms taken from the work of other committees amounts to 187; the total number of words and terms added by this committee amounts to 713; making a total of 900 words and terms contained in the report.

Some of the members supplied words or terms applying to a particular line of business, usually without definitions, such as railroads, electric corporations, municipal accounting, etc. All these have been omitted from the report, but will prove invaluable data for the succeeding committees on accounting terminology.

It has been impossible for the committee, owing to the amount of time involved, to edit every definition, and the committee would therefore recommend that the committee for the next year give special attention to this phase of the work.

The committee desires to acknowledge its appreciation to all the members who have taken an interest in the committee's work by sending in accounting words or terms, and especially to Mr. John R. Wildman, of New York, and Mr. C. V. Rowe, of California, who

Reports of Committees

must have spent considerable time in gathering words or terms with definitions for the committee, considering the large number of words or terms contributed by them.

Respectfully submitted,

J. LEE NICHOLSON, *Chairman*,

FRANK G. DUBOIS.

DEFINITIONS

ABEYANCE—Held in suspense for future adjustment or settlement.

ABSTRACT OF POSTINGS—A simple method of proving ledger postings by checking totals back to books of original entry.

ACCEPTANCE—As applied to time drafts accepted by drawee.

ACCIDENT AND GUARANTEE INSURANCE—Accident insurance is a contract similar to that of life insurance, under which the insurer contracts to pay a certain sum in the event of injury or death from accident.

ACCOMMODATION—"Borrowers succeeded in finding accommodation," meaning that they succeeded in borrowing money. To be "accommodated" in finance means the same as in its general sense, to accomplish what is desired.

ACCOMMODATION PAPER—Instruments which the maker, drawer, acceptor, or indorser signs merely as an accommodation to another, reaping no financial benefit for so doing, unless paid a commission for the act, as is sometimes the case.

ACCOUNT—See *American Association Year Book*, 1909, page 160.

ACCOUNTABILITY—That relation which exists between two parties by virtue of which one is required to account to the other.

ACCOUNTANCY—Accountancy is a profession, the members of which, by virtue of their general education and professional training, offer to the community their services in all matters having to do with the recording, verification and presentation of facts involving the acquisition, production, conservation and transfer of values.

ACCOUNTANT—One who by virtue of experience and training in accounting is qualified to review the work of accountants and bookkeepers.

ACCOUNT CURRENT—See *American Association Year Book*, 1909, page 160.

ACCOUNTING—Accounting is the science which treats of the systematic record, compilation, and presentation in a comprehensive manner for administrative purposes of the financial operations of a business organization.

ACCOUNTING COST SYSTEM—A system whereby, through an adequate and comprehensive classification of accounts in the general ledger and the application thereto of the units of goods sold, an average unit cost is obtained.

ACCOUNT SALES—See *American Association Year Book*, 1909, page 160.

ACCOUNT SALES ABSTRACT BOOK—Book used for the purpose of distributing debits and credits of accounts of sale so that personal accounts may receive their postings daily and the impersonal accounts at fixed periods, usually at end of month.

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ACCOUNTS—The word accounts, in its broadest sense, means a catalogue of items, whether debits or credits, arising out of contracts, as in the case of merchants.

ACCOUNTS RECEIVABLE—See *American Association Year Book*, 1909, page 162; 1911, page 117.

ACCOUNTS RECEIVABLE DISCOUNTED—Time paper disposed of before maturity.

ACCOUNTS PAYABLE—See *American Association Year Book*, 1909, page 162; 1911, page 121.

ACCRETION—See *American Association Year Book*, 1909, page 160.

ACCRUAL—An entry made before closing the books for the purpose of placing thereon certain financial facts applicable to the period which have been occasioned by the lapse of time and have not been recorded.

ACCRUED—See *American Association Year Book*, 1909, page 161.

ACCRUED BOND INTEREST—For creating a reserve to anticipate interest on bonded indebtedness due and payable in the future.

ACCRUED DIVIDEND—This has the same relation to a stock as "accrued interest" has to bond. Not many stocks are sold with "accrued dividend" or "with dividend," and then only in case of "guaranteed stocks" or stocks where the dividend is certain and fixed.

ACCRUED INTEREST—Interest earned but not due and unpaid.

ACCRUED TAXES—For anticipating yearly taxes due and payable in the future.

ACCUMULATIVE DIVIDENDS—The dividends which have accrued and have not been paid.

ACQUIREMENTS—Increase in value of possessions or value of new possessions.

ACTIVE ACCOUNT—Bank deposits against which many cheques are drawn, and at frequent intervals; accounts which show running transactions.

ACTIVE PARTNER—One actively engaged in the business, and who incurs full liability, as distinguished from "silent partner" and "special partner."

ADDITIONS TO CAPITAL—See *American Association Year Book*, 1909, page 162.

ADJUSTMENT ACCOUNT—See *American Association Year Book*, 1909, page 161.

ADJUSTMENT MORTGAGE BONDS—There are very few of these in existence, the most notable example being that of the Atchison, Topeka & Santa Fé Railway Co., which, in the organization of 1895, scaled down its original first mortgage to 75%, for which new first mortgage bonds were issued, and the difference, namely, 25% of the principal, and the defaulted interest, adjusted by issuing other bonds. These were accumulative "income bonds" for the first five years and then became a fixed obligation. These are known as "adjustment mortgage bonds."

ADMINISTRATION EXPENSES—See *American Association Year Book*, 1909, page 161.

ADMINISTRATOR—A person named by the probate court, or other proper

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authority, to take charge of the goods and estate of one dying without a will.

ADVANCE BILL—This is a regular "commercial bill" of exchange, only drawn against goods to be afterwards shipped instead of against a shipment already made.

ADVENTURE ACCOUNT—Adventure Account, or "Venture Account," is a title frequently applied to specific shipments on consignment when made the subject of separate accounts. If at the risk and on behalf of the shipper as co-partner with others, the account is called a "Joint Venture" and is a form of joint account.

ADVERTISING EXPENSE—An expense incident to the display of goods or bringing the organization or its product to the attention of the public.

ADVICE SHEET—Periodical written report of business transactions from branch office to head office, made daily, weekly or monthly.

AFFILIATED COMPANY—A company which is related to another company through stock or bond ownership, operating agreement or other mutuality of interest.

AFFILIATED CORPORATIONS—Two or more corporations operating in conjunction with one another under permanent agreement, or one or each owning a portion of the capital stock of the other.

AGENCY—The act of delegating to another, called the agent, the right of representation with the responsibility of becoming liable at law for the acts of the agent if such acts are performed within the scope of his authority.

AGENT—One who acts for another and whose acts, when performed within the scope of his authority, are treated at law as the acts of the person represented.

ALLOCATE—To place; to set apart.

ALLONGE—When cheques, promissory notes, or similar negotiable instruments have their backs entirely covered with indorsements, a slip of paper, called an "allonge," is often attached to receive any further indorsements.

ALLOTMENT—Division or distribution as by lot. The term is used more in subscription lists on bankers for flotation purposes.

ALLOWANCE—A deduction allowed by the vendor to the vendee.

ALLOWANCE RESERVE—An account to which should be credited a sufficient amount to cover allowances, price differences, returns (other than trade discounts) that is sufficient to cover this particular kind of loss on outstanding accounts receivable.

AMORTIZATION—The writing off in increments, prorated to the period to which they refer, of losses or gains incurred in advance, and set up as assets or liabilities.

AMORTIZATION OF BONDS—Amortization of bonds, in the accountancy sense of the word, means the redemption of the bonds issued, by means of sinking funds.

ANNUITY—A fixed sum of money payable yearly; or, to put it differently, a fixed sum—granted or bequeathed—payable at certain regular periods.

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APPORTIONMENT—Apportionment is the division of a sum into proportionate parts according to the rights and interests of different parties, or the division of a whole into parts proportioned to the rights of claimants.

APPRAISAL—See *American Association Year Book*, 1909, page 161.

APPRAISEMENT—The placing of a value upon a property; the value set.

APPRECIATION—See *American Association Year Book*, 1909, page 161.

APPROPRIATION—An authorization to incur liabilities and to expend money for stated purposes.

ARBITRAGE—Buying a security in one market and selling it in another at a better price; taking advantage of a difference in current quotations upon the same security in two different markets, by buying in one and selling in the other, at a higher price; the difference, less certain expenses, representing the "arbitrageur's" profit. Sometimes the sale is made in one market before the purchase in the other. "Arbitrage" business is carried on very extensively between London and New York, but chiefly by what is known as "international banking houses"; to a much less degree between different American markets. Some "arbitrage" transactions, however, are conducted between the New York Stock Exchange and the "New York Consolidated Stock and Petroleum Exchange."

ARBITRATION—The determination of a matter or matters in dispute by the decision of one or more persons called arbitrators, who, in case they disagree, may call in an umpire to make a final decision.

ARBITRATOR—A person appointed to decide matters in dispute between two or more parties. When the reference to arbitration is made by the court, the arbitrator is termed an official or special referee.

ARTICULATION STATEMENT—An articulation statement is an analysis statement of the entries recorded under specific headings.

ASSENTED STOCKS (OR BONDS)—In the event of a corporation passing through a reorganization where the security holders are requested to give "assent" to a certain plan; in the case of a stock being "assessed"; or similar instances where the consent of each share or bondholder is desired, some banking house or trust company is usually selected to receive the securities and stamp thereon in each case the fact that the holder has "assented" to the plan or paid the "assessment." If more than one "assessment" is called for, "first assessment paid," "second assessment paid," etc., as the case may be, will be stamped on the security. Securities so stamped may have quite a different market value from those not stamped, for it is evidence of the assent or non-assent to the plan.

Financial columns and stock exchange sheets refer to the above in the brief method of "assented," "ass't. pd.," 1st ass't. pd.," etc.

ASSESSMENT—An apportionment of or call for definite contributions or payments.

ASSETS—See *American Association Year Book*, 1909, page 161.

ASSETS, FIXED—See *American Association Year Book*, 1909, page 161.

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- ASSETS, FLOATING—See *American Association Year Book*, 1909, page 161.
- ASSETS, LIQUID—See *American Association Year Book*, 1909, page 161.
- ASSETS, WASTING—See *American Association Year Book*, 1909, page 161.
- ASSIGNEE—Assignees are persons appointed by parties who have made an assignment of their property for the benefit of creditors, and whose appointment is subject to the approval of the court.
- ASSOCIATION—A business organization composed of persons whose interests therein are mutual.
- ASSUMED BONDS—Bonds issued by a corporation, the control or ownership of which passes into the hands of another corporation, which latter agrees to be responsible for the payment both of the principal and interest of such bonds, are spoken of as "assumed bonds."
- ATTORNEY IN FACT—One who acts under the authority conferred by power of attorney.
- AUDIT—See *American Association Year Book*, 1909, page 160.
- AUDITED VOUCHER REGISTER—A columnar-ruled book designed to supplant both the purchase journal and creditors' ledger by showing in combined form not only the liability in favor of individual creditors but the distribution of cost and expense. It is supported by vouchers which gather together a number of invoices and eliminate much detail work.
- AUDITOR—One who makes a profession of examining and reporting upon the financial condition of a firm, corporation, municipality, etc.; a person competent to examine accounts.
- AVAILABLE ASSETS—Those assets which are available for the payment of debts (includes goods unsold which do not come under "quick assets," also may include "supplies for operation").
- AVERAGING ACCOUNTS—The process of finding the mean or average time of payment of several sums of money due at different dates.
- BAD DEBTS—Bad debts are those which, because of the debtor's failure or for some unaccountable reason, will never be liquidated.
- BAD DEBT-RESERVE—An account to which should be credited a sum sufficient to cover bad debts on outstanding accounts (but not trade discounts or allowances).
- BALANCE—See *American Association Year Book*, 1909, page 162.
- BALANCE SHEET—See *American Association Year Book*, 1909, page 162.
- BANK LOANS PAYABLE—For direct loans from a bank, on other than Notes Receivable discounted.
- BANK PASS BOOK—The book in which a bank makes a written entry of each sum of money deposited by the customer, and is that person's evidence of the bank's indebtedness to him.
- BANKRUPT—One unable to pay his debts; more particularly one whose affairs are being adjudicated under the bankruptcy laws.
- BANKRUPTCY—The condition of a bankrupt or "the act or process of becoming a bankrupt."
- BANKRUPTCY WORK—Embraces the preparation of statements of affairs and the work of trustee under trust deeds and in sequestrations.

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- BETTERMENT**—See *American Association Year Book*, 1909, page 162.
- BID DEPOSITS**—Amounts deposited, either in cash or negotiable securities, to guarantee the fulfillment of contracts or orders bid for.
- BILL**—A bill is a promise to pay a fixed amount to a stated person at a specified time.
- BILL-BOOK**—An account book in which is kept a record of notes receivable or payable with the particulars thereof, the dates of maturity, etc.
- BILL OF EXCHANGE**—A bill of exchange is an unconditional order in writing addressed by one person to another, signed by the person giving it, requiring the person to whom it is addressed to pay on demand or at a fixed or determinable future time a certain sum in money to order or to bearer.
- BILL OF LADING**—A receipt given by land or water transportation companies for goods accepted for shipment, and which is the shipper's evidence of the fact.
- BILL OF MATERIAL**—A bill of material may be compared with the regular formula where a definite consumption of material is to be used.
- BILLS DISCOUNTED**—Bills of exchange or time paper that have been discounted.
- BILLS PAYABLE**—See *American Association Year Book*, 1909, page 162.
- BILLS PURCHASED**—Bills of exchange that have been acquired by purchase. (Used by trust companies as the title of the bills receivable account.)
- BILLS RECEIVABLE**—See *American Association Year Book*, 1909, page 162.
- BLOTTER**—Commonly called a book of original entry. A book in which a first and temporary record of transactions is made, later to be transferred—"posted"—into books of more permanent record.
- BOND AND MORTGAGE**—An instrument whereby money at interest is borrowed on a promissory note (bond) secured by an indenture or mortgage giving to the holder the right to foreclose and take possession by due process of law in case of failure to pay either principal or interest at the appointed time.
- BONDED DEBT**—The fixed indebtedness of a municipality or incorporated company in the form of bonds.
- BOND FUND AUTHORIZATION**—This account is set up when bond funds are authorized (on the credit side of the ledger). It acts as a control over the subsidiary bond fund ledger in a city.
- BOND OF INDEMNITY**—In investment matters the common use of the "bond of indemnity" is in case of a lost security. It is a form of guaranty protecting a corporation (firm or individual) in event of presentation at some future time of a security which had been lost by the owner and the corporation issuing the same had issued a new security in its stead.
- BONDS**—Bonds are the documents representing the liability of the borrower to the holders thereof of certain specified sums, bearing interest at a fixed rate per cent. payable on certain recurring dates, and repayable as to principal at a certain time or in certain circumstances either at par or at a premium.
- BONUS**—Compensation offered as an inducement or reward.

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BONUS STOCK OR CAPITAL STOCK FOR PROMOTION—Bonus stock or capital stock for promotion are terms used interchangeably for shares of capital stock set aside as remuneration to the promoter for the organization of the business.

BOOKKEEPING—Bookkeeping is the art of recording pecuniary transactions in a regular and systematic manner.

BOOK PROFITS—See *American Association Year Book*, 1909, page 163.

BOOK VALUE—The value of any asset as carried upon the books, as distinguished from the actual or market value of such asset.

BOOKS CLOSE—In order that corporations, especially the larger ones, may pay a dividend, it is necessary to fix an interval of one or more days' duration, during which it is possible to make a correct list of the stockholders as shown by the transfer books, so that the dividends may be sent to the stockholders as of record the date provided for in the vote passed declaring the dividend. It is desirable that no stock shall be transferred during this process, and it is, therefore, customary for most corporations to "close their books," that is, their transfer books, during such an interval. This period generally precedes shortly the actual payment of dividend.

BOOKS OF ACCOUNT—All books or written records of any undertaking in which there are entries concerning its finances, wealth or obligations or merchandise movements; including also records of capital stock issues and transfers and minutes of directors' or stockholders' meetings.

BREAKAGE—A special allowance by the vendor to the vendee for goods which have been broken (usually in transit).

BROKER—An agent who buys and sells for a commission, applied especially to one who buys and sells securities, real estate, etc.

BROKERAGE—Amounts allowed to brokers for their remuneration in respect of selling real or personal property.

BUDGET—A budget is a statement of the estimated revenues and expenditures for a given period.

BURDEN—See definition under "Overhead."

BY-PRODUCTS—The result of proceeds obtained by the sale of materials such as scraps, cuttings, etc., not used or available for use in the main products of a manufacturing plant or establishment.

BY-PRODUCTS REVENUE—Revenue obtained from some residue resulting from process of manufacture or from product incident to the manufacture of some other which it is the prime object to produce.

CALL—A demand for the payment of money; a demand for payments (generally in instalments) of subscriptions to stocks or bonds; an assessment for which one is legally liable; a notice of intention to prepay a bond or warrant.

A "call" is a contract which gives its possessor the right to demand from the party signing the same a certain amount of stock (grain or other commodity) at a named price during the time stated in the contract.

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CALL-LOANS—Short-time investments often made upon the security or pledge of bonds, stocks, goods or other personal property valued at more than the amount of the loan. Frequently these are payable on demand.

CALL MONEY—See "Demand Loan."

CALLABLE—This indicates the right on the part of the issuer of a security to pay it off—usually under certain conditions—previous to its actual date of maturity; "subject to call"; "subject to redemption."

CALLED BONDS—Bonds called for payment or redemption. In many issues of bonds the right is reserved to pay off all, or a certain portion of the issue, under conditions and at such times as may be specified in the bonds and deed of trust.

CAPITAL—See *American Association Year Book*, 1909, page 163; 1911, page 124.

CAPITAL ACCOUNT—See *American Association Year Book*, 1909, page 163.

CAPITAL ASSETS—Includes real estate, buildings and other structures, equipment and other personal property of a more or less permanent character, and cash on hand specifically applicable for these purposes.

CAPITAL ASSETS SALES—Capital assets sales is applied to sales of capital assets and specially referred to in government reports.

CAPITAL EXPENDITURES—See *American Association Year Book*, 1909, page 163.

CAPITAL FIXED—See *American Association Year Book*, 1909, page 168.

CAPITAL LIABILITIES—Liabilities incurred in the acquisition of capital assets.

CAPITAL (NOMINAL)—See *American Association Year Book*, 1909, page 164.

CAPITAL OUTLAYS—A term used to cover the cost of acquiring property, for continuing use and for carrying "stores" or undistributed "work in progress." The latter two classes are sometimes called "working capital"; the term "capital outlays" is used in analysis of expenditures; when used in a balance sheet such expenditures are carried in the "assets" accounts.

CAPITAL PAID UP—See *American Association Year Book*, 1909, page 164.

CAPITAL RECEIPTS—The term capital receipts implies the cash received from stockholders in a corporation upon the payment of their subscriptions to the capital stock.

CAPITAL, REDUCTION OF—See *American Association Year Book*, 1909, page 164.

CAPITAL STOCK—See *American Association Year Book*, 1909, page 163.

CAPITAL STOCK FOR PROMOTION—Capital stock for promotion is a term used interchangeably for shares of capital stock set aside as remuneration to the promoter for the organization of the business.

CAPITAL, UNCALLED—See *American Association Year Book*, 1909, page 164.

CAPITAL, WORKING—See *American Association Year Book*, 1909, page 163.

CAPITALIZATION OF EARNINGS—The issuing of securities based upon a corporation's earning ability; the issuing of securities upon which reasonable rates of interest or dividends can probably be paid from

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- earnings, rather than making such issues equal in face value to the actual value of the property.
- CARD OF ACCOUNTS**—A list or index of accounts arranged under suitable captions, usually in the order in which they are to appear in the financial statements.
- CARRIAGE ACCOUNT**—See *American Association Year Book*, 1909, page 164.
- CARRYING CHARGES**—The interest charged by brokers for the amount of money advanced by them to customers in marginal transactions. Also a Chicago Board of Trade term indicating storage rates, interest, and insurance on grain or provisions.
- CASH**—Lawful money. Usually understood to include cheques or such other instruments as are received by banks for deposit.
- CASH ACCOUNT**—See *American Association Year Book*, 1909, page 164.
- CASH ASSETS**—Actual money on hand or within easy reach. Property quickly convertible into money is often included.
- CASH BALANCE**—See *American Association Year Book*, 1909, page 164.
- CASH BOOK**—See *American Association Year Book*, 1909, page 164.
- CASH DISCOUNT**—The amount which is allowed on a cash payment within a prescribed time. In contradistinction to trade discount.
- CASH DIVIDEND**—A dividend paid in money or its representative, in contradistinction to a "stock dividend."
- CASH IN BANK**—See *American Association Year Book*, 1911, page 115.
- CASH ON DEPOSIT**—Cash on deposit implies cash balance in bank, or cash at the banker's.
- CASH ON HAND**—See *American Association Year Book*, 1911, page 116.
- CASH SALES**—See *American Association Year Book*, 1909, page 164.
- CASH TRANSACTIONS**—See *American Association Year Book*, 1909, page 164.
- CASH VOUCHER**—It is a receipt for money paid out and states the account to be charged.
- CASHIER'S CHEQUE**—A cheque drawn by a bank against itself, and usually signed by its cashier.
- CERTIFICATE OF DEPOSIT**—See *American Association Year Book*, 1909, page 164.
- CERTIFICATE OF INCORPORATION**—When it is desired to form an incorporated company, a paper called a "certificate of incorporation," or one having a similar title, must be filed with the secretary of the state under which it is desired to incorporate.
- CERTIFICATE OF INDEBTEDNESS**—Simply a floating indebtedness in more or less of a fixed form.
- CHARGE AND DISCHARGE ACCOUNT**—See *American Association Year Book*, 1909, page 164.
- CHARGES TO CAPITAL—CHARGES TO REVENUE**—"Charges to capital" and "charges to revenue" are capital and revenue expenditures.
- CHARTER**—A governmental or state grant of certain powers and privileges to a company at the time of its incorporation.
- CHARTER BONDS**—United States government bonds legally required to be

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deposited with the treasurer of the United States before a certificate of authority will be issued for the bank to begin business.

CHATTEL MORTGAGE—See *American Association Year Book*, 1911, page 122.

CHEQUE—A written order to banker to pay a certain sum of money to the party named, on demand, on or after the date specified thereon.

CHEQUE REGISTER—A book kept for the purpose of entering cheques made out where a system is in use which provides for cheques in voucher form, and where no books are kept, commonly called "cheque books."

CIRCULATING ASSETS—Inventories of values purchased for realization in the ordinary course of trade.

CLASSIFICATION OF ACCOUNTS—In a balance sheet, the stating of assets in order relatively to the possibilities of quick realization and of liabilities relatively to the urgency for settlement.

CLEAN BILL OF EXCHANGE—One unaccompanied by documents.

CLEARING ACCOUNT—An account used to collect various amounts, the aggregate of which is to be prorated and distributed to other accounts leaving no balance.

CLEARING-HOUSE BALANCE—The actual amount of money needed to settle the difference between the banks upon any one day is referred to as the "clearing-house balance."

CLEARING-HOUSE BALANCES—"Balances" has reference to the amount necessary to settle the differences between all the banks "clearing" through a given association.

CLEARING-HOUSE LOAN CERTIFICATES—Issued by the "clearing-house" to some member of the association, showing the deposit with the "clearing-house" of approved securities, such certificates being negotiated only between members of the clearing-house association.

CLEARING-HOUSE RATES—After "clearing" some of the "creditor banks" will often desire to lend all or part of the money due them in the clearing house settlement, of which opportunity to borrow other banks may avail themselves. The rate of interest on loans made at such time is called the "clearing-house rate."

CLEARING-HOUSE SETTLEMENT—It is the adjustment of one bank with all the other banks of the association of the amounts due each other through the medium of the "clearing-house," payment being received, or made, in accordance with amounts due.

CLEARINGS—The amount of cheques, drafts, etc., passing through the process of collection during any given time. The sum total of the collections as accomplished through the medium of the New York Clearing-House Association for any one day is recognized as the "clearings" for that city for that day.

CLOSE CORPORATION—A stock company whose shares and management are in the hands of a few persons, and the stock of which is seldom, if ever, publicly offered.

CLOSED MORTGAGE—A mortgage under which no more indebtedness can be incurred; the amount of indebtedness authorized under the terms of the mortgage has been reached.

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- CLOSING ENTRIES**—Entries made upon the books of account when the accounts are closed at the end of any fiscal period.
- COIN CERTIFICATES**—Paper money specifically repayable in coin, such as our "gold treasury certificates" and "silver treasury certificates."
- COLLATERAL**—See *American Association Year Book*, 1909, page 165.
- COLLATERAL LOAN**—The obligation or promise to pay of an individual, firm, or corporation, on demand or maturing in a year or less time, and which individual, firm, or corporation has deposited with the holder of the note, stocks, bonds, or other securities which, in case of the note not being paid when due, may be sold by the holder of the note and so much of the proceeds of the same as may be necessary to satisfy the debt retained by the lender, and the balance, if any, returned to the borrower.
- COLLATERAL MORTGAGE BONDS**—A "collateral mortgage bond," technically, should be secured by a deposit of bonds in turn secured by mortgage. But this title has been much abused, and bonds issued with such a title frequently are secured by stocks only.
- COLLATERAL NOTE**—A promissory note secured by stocks, bonds, mortgages, or other securities.
- COLLATERAL SECURITIES**—Valuable possessions deposited with a lender as pledge for repayment of a loan.
- COLLATERAL TRUST BONDS**—Issued by a corporation, not secured by a mortgage upon its own property, unless upon certain real estate and subject to previous liens thereon, but secured by depositing in trust securities of other companies.
- COMBINE**—Practically the same thing as a "trust," or more particularly a "pool." Also, a stock market term for a combination of brokers or others for the accomplishment of a certain object.
- COMMERCIAL BILL**—A draft, accompanied by a "bill of lading" and a certificate of marine insurance, drawn by a seller in one country against a buyer in another, on account of goods sold to latter.
- COMMERCIAL DISCOUNTS**—Notes given by those engaged in commercial enterprises—dry goods, hardware, etc.—upon which the interest is paid in advance—"discounted." Sometimes the rate of "discount" is meant by the term "commercial discount."
- COMMERCIAL EXPENSE**—This term is applied generally to cover all expenses of doing business that are not applicable to the cost of a material or article manufactured.
- COMMISSION**—A compensation allowed by one person to another for services rendered.
- COMMISSION ACCOUNT**—See *American Association Year Book*, 1909, page 165.
- COMMISSIONER OF ACCOUNTS**—A commissioner of accounts is an officer practically to superintend the financial operations as to receipts and disbursements of the city or town by which he is appointed.
- COMMITMENT**—The obligation to carry out a financial programme compre-

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hending the authorization of expenditures and the raising of revenue to meet them.

COMMON STOCK—That part of the capitalization of a company upon which dividends may be paid only after satisfying the requirements of the floating debt, bonds and "preferred stock," if any.

COMMUNITY OF INTERESTS—When large interests in one corporation are so interwoven with those of another that it is desirable, for the common good, that the properties shall be operated in the mutual interests of all concerned.

COMPOSITION—An agreement whereby a creditor accepts part payment in lieu of an entire debt due.

CONDITIONAL INDORSEMENT—An instrument upon which the indorser attaches some conditions along with his indorsement as to his ability.

CONSERVATOR—One appointed by a court to manage the property of a lunatic, idiot, or other person incapable of managing his affairs.

CONSIDERATION—The giving up of some legal right by one party in behalf of another party, both parties treating it as and for consideration.

CONSIGNEE—A party to whom goods are consigned for sale without transfer of ownership.

CONSIGNMENT—Goods held for sale for the account of another without transfer of ownership.

CONSIGNMENT ACCOUNTS—See *American Association Year Book*, 1909, page 165.

CONSIGNOR—A party who consigns goods for sale without change of ownership.

CONSOLIDATED BALANCE SHEET—A balance sheet which exhibits the combined financial condition of a number of business organizations.

CONSOLIDATED FIRST MORTGAGE—As commonly used in relation to bond issues it has the same meaning as "first and consolidated mortgage."

CONSOLIDATED INCOME STATEMENT—An income statement which exhibits the combined results of operations of a number of business organizations.

CONSOLIDATED MORTGAGE BOND—Theoretically the name of a corporation bond secured by a mortgage on the entire property formed by the consolidation of several smaller properties.

CONSOLIDATION—A legal combination of two or more organizations engaged in the same or similar lines of business.

CONSTRUCTION ACCOUNT—See *American Association Year Book*, 1909, page 165.

CONTINGENT FUND—Money set aside to be drawn upon only in case of certain emergencies.

CONTINGENT LIABILITIES—See *American Association Year Book*, 1911, page 123.

CONTINGENT PROFIT—A conditional profit. A lawyer occasionally conducts a case upon a "contingent profit" or fee, his payment for services being entirely dependent upon his winning the case.

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- CONTINGENT RESERVE**—An account to which some portion of the earnings may be credited to provide for unforeseen contingencies involving loss.
- CONTINUATION DAY**—For many securities the second "settling-day" is the "continuation day."
- CONTINUING GUARANTY**—Required by banks to cover over-drafts, shortage on collateral or failure to meet drafts, etc.
- CONTRA ACCOUNT**—See *American Association Year Book*, 1909, page 165.
- CONTRACT**—A contract is an agreement, based upon a cause or consideration between two or more persons, to do, or to abstain from doing, some particular act or thing.
- CONTROLLED COMPANY**—A company which is controlled by another company through ownership of a majority of the capital stock.
- CONTROLLING ACCOUNT**—See *American Association Year Book*, 1909, page 165.
- CONTROLLING CORPORATION**—A corporation owning either all or a majority of the capital stock of another corporation.
- CONTROLLING INTEREST**—When one person, or a number together for their mutual benefit, obtain, by ownership or by proxies, their right to cast the votes for a majority of the shares of stock in any corporation, such person or persons are said to have a "controlling interest."
- CONVERTIBLE BONDS**—A bond which, at the option of the holder, is convertible, under certain conditions, into other securities issued, usually, by the same corporation.
- CONVERTIBLE COLLATERAL TRUST BONDS**—The issue is endowed with practically the same features as a "collateral trust bond." The main difference, however, is that the former is secured by collaterals, which may be exchanged from time to time for other collaterals, with the consent, for instance, of the trustee.
- CONVERTIBLE DEBENTURE**—The only difference between a "convertible debenture" and a "convertible bond" is as to the way the loan is secured, which will be clearly understood by turning to the subject "Debenture Bond."
- CONVERTIBLE PAPER MONEY**—Paper money which the holder has the right to present at any time for redemption at a parity in metallic money.
- CONVERTIBLES**—Securities which, at the option of the holder, are convertible, under certain conditions, into some other security, issued, usually, by the same corporation.
- CORPORATION**—A corporation is an artificial body created by law deriving all its powers from the law which granted the charter by which the corporation is privileged to carry on business, as set forth in its articles of incorporation.
- CORPORATION BONDS**—A bond issued by an incorporated company, the ownership of which is represented by shares of stock; a bond of a joint-stock company.
- COST ACCOUNTING**—See definition under "Accounting Cost System."
- COST ACCOUNTS**—See *American Association Year Book*, 1909, page 165.
- COST FINDING**—See definition under "Cost System."

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COST LEDGER—See *American Association Year Book*, 1909, page 165.

COST OF SALES—The cost of producing or manufacturing the material or goods sold.

COST RECORDS—See *American Association Year Book*, 1909, page 165.

COST SYSTEM—See *American Association Year Book*, 1909, page 165.

COUPON—Interest coupons are small certificates attached to that part of the bond representing the principal sum, each coupon representing the interest upon the bond for a certain period, there being attached to each bond a sufficient number of these coupons to represent the interest for the entire length of time which the bond may be outstanding before maturity.

COUPON BONDS—Any bonds which have attached interest notes or coupons which may be presented for payment at stated intervals as the interest becomes due, and which notes or coupons are made payable to bearer.

COUPON NOTES—A "coupon note" would seem to be an ordinary promissory note having a long enough time to run to call for different interest payments, the interest being represented by attached tickets or coupons, which must be presented, from time to time, in order to collect the interest.

CREDIT CURRENCY—Currency issued by a bank, the security for which is only the general assets of the institution.

CREDIT INSURANCE—There are companies which will insure a manufacturer, or wholesaler, against loss arising from selling goods on credit. The usual method is for the wholesaler to show his average loss for the past five years, and for the company to insure him for annual losses in excess of that amount.

CREDITOR—One to whom another is indebted.

CREDITORS' LEDGER—The creditors' ledger contains the individual account of each trade creditor.

CROSS TRADE—An order received to buy and an order to sell the same stock at the same price by a broker, in which event he might let one order offset the other and not fill them upon the exchange at all.

CUMULATIVE—This, as a rule, has reference to "preferred" shares of stock. Unpaid dividends upon such stocks accumulate from year to year and must be paid before the common or other stocks which come after can receive anything. A "cumulative" issue often acts to the detriment of the common shares, as it naturally lessens the chances of dividends upon them.

CUMULATIVE DIVIDEND—A dividend, or distribution of earned profit, which must be paid in advance of any similar distribution of profit (or payment of dividend) on common stock.

CURRENCY BOND—A bond not specifically payable in gold coin, but in any lawful money.

CURRENCY CERTIFICATE—Another term for "legal tender certificates."

CURRENT ACCOUNT—A current account may be said to be an account representing charges and credits rendered for fixed periods.

CURRENT LIABILITIES—Amounts owed subject to constant change, such as

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accounts payable, loans payable, bills payable, interest and dividends accrued towards the next payments, pay-rolls, etc. Floating indebtedness of all kinds comes under this heading.

CURTAILING A NOTE—If a note falls due and the borrower wishes to extend it for a less amount by making a part payment upon the same, or gives a new note for the reduced sum after making such a payment, the process is called "curtailing." Making part payments upon a "demand note" from time to time would be to the same effect.

CUSTOMERS' LEDGER—The customers' ledger contains the individual accounts of each customer or trade debtor.

DAILY BALANCES—Trust companies, as a rule, and sometimes other banking institutions, allow interest to their depositors upon "daily balances" of over a certain amount, say \$300 or more.

DAMAGE—A special allowance for goods which have been damaged, usually in transit.

DAY BOOK—This is one of the account books used in single-entry book-keeping, another name for which is "blotter."

DAY-TO-DAY LOAN—A loan of money for over night, and possibly renewed from day to day.

DAYS OF GRACE—Days of grace are the three days' margin allowed by law after the date of the maturity of notes and until the expiration of which payment of the notes cannot be enforced.

DEAD ASSETS—Valueless or non-income-producing property.

DEAD WEIGHT EXPENSES—See *American Association Year Book*, 1909, page 167.

DEAD WORK—Unproductive work. Used in mining operations as the title of the account showing outlay for unproductive work.

DEAR MONEY—High interest rates; money difficult to borrow and then only at a high rental.

DEBASEMENT OF CURRENCY—A reduction in its quality; an impairment of its worth or purity; a degradation of gold or silver by the use of an alloy.

DEBENTURE—A long term unsecured promissory note so designated in the instrument. The term debenture bond is a misnomer.

DEBENTURE BONDS—Debenture bonds may be said to be bonds issued in much the same manner as shares are issued to preferred stockholders, and the holders thereof may be termed preferred creditors.

DEBENTURE RESERVE FUND—It is sometimes provided in the articles of association of a company that an annual sum is to be set aside out of profits to pay off its debentures at the end of a certain time.

DEBTTEE—One to whom a debt is due; a creditor.

DEBTOR—A person who owes another either money or its equivalent. A person running an account at a grocery store becomes its debtor for the amount owed. An insolvent debtor is one who has not sufficient money or property to pay all debts.

DEDUCTIONS FROM INCOME—Items of expense in connection with the acqui-

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sition, use or protection of capital as the medium for the transaction of business. Examples: insurance, rent, taxes, interest, cash discount, etc.

DEED—A document in writing (generally a printed form to be filled out in writing is used) rendered authentic by the seal of the party whose intention it is supposed to declare; in practice, a document used for the purpose of transferring the title of real property from one to another. In law a "deed" is any instrument bearing a seal.

DEFECTIVE GOODS—Goods for which, on account of some defect in their quality or construction, a special allowance has been made or an expense incident to production sustained.

DEFERRED ANNUITY—A fixed sum of money payable yearly, but the payment of which does not begin until the expiration of a certain time or after the happening of some event, as the death of a person.

DEFERRED ASSETS—Assets that have no tangible or permanent value, but which represent expenditures for the benefit of a future period, and for that reason are carried on the books and gradually absorbed.

DEFERRED BONDS—The holder of such a security receives a gradually increasing rate of interest up to a fixed rate, after which time the rate of interest is supposed to be uniform. Or bonds upon which the interest is deferred until some future date.

DEFERRED CHARGES—That part of operating expenditures paid within a given period which is not properly a charge against the income of that period and which, therefore, is deferred or postponed until a period following.

DEFERRED CREDIT TO INCOME—An item containing an element of profit, the benefit from which is deferred to a subsequent accounting period.

DEFERRED DIVIDEND—By reading "deferred stock," one meaning of this may be found. Life insurance companies term "deferred dividends" those which are not distributed among the policy-holders yearly, but retained by the company and paid to the holders at greater intervals, say twenty years.

DEFERRED EXPENSES—For carrying asset values of prepaid expenses, as telephone, insurance, etc.

DEFERRED LIABILITY—An obligation accrued but not payable until some future date.

DEFERRED OPERATION CHARGES—Asset values representing prepayments of costs chargeable in future to operation, as insurance premiums, rent, etc., prepaid.

DEFERRED OPERATION CREDITS—Liability values representing receipts for which value has not been rendered, as an advance payment received for contract to perform certain work which has not been performed, but on which, when performed, the payment will apply.

DEFERRED PAYMENT—An amount the payment of which is deferred to a later date by agreement, or by terms of sale.

DEFERRED STOCK—See *American Association Year Book*, 1909, page 166.

DEFICIENCY—The term "deficiency" without further qualifications signifies

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the insufficiency of the assets or funds of a business or estate to meet, discharge or satisfy its claims, liabilities or obligations.

DEFICIENCY ACCOUNT—See *American Association Year Book*, 1909, page 166.

DEFICIT—See *American Association Year Book*, 1909, page 166.

DEFINITIVE BONDS—The actual bonds for which "temporary receipts" are often given, and for which the latter are exchanged.

DEL CREDERE—A commission charged by a broker or factor who guarantees the solvency of the customer for whom he transacts business.

DELINQUENT TAX CERTIFICATES—These were formerly a not uncommon form of investment in the west, as well as in some other sections of the country, but their desirability is questionable, as there are many objections.

DEMAND LOAN—A form of note or promise to pay, the borrower having the right to pay off the loan at any time—presumably not the same day it is made—and likewise the lender the right to demand payment, Sundays and legal holidays being excepted in each case.

DEMURRAGE—When any vehicle of transportation, such as a car or vessel, is detained beyond the time allowed either for loading or unloading a per diem charge called "demurrage" is made.

DENATIONALIZING THE CURRENCY—If the government should withdraw its issues of "greenbacks" and place the issuing of paper money more in the control of the banks, that would be a step toward "denationalizing the currency."

DEPARTMENTAL ACCOUNTS—See *American Association Year Book*, 1909, page 167.

DEPARTMENTAL CHARGES—Expenses and other items chargeable to the subdivision of a business.

DEPOSIT—When placing money—or titles to money—securities, or anything of value, in the safe-keeping of a bank, other corporation, or individual, one makes a "deposit" and in the act of so doing he "deposits."

DEPOSITOR—One who places money in a bank; that is, makes a deposit, is the usual meaning in banking affairs; but a depositor may be one who commits securities, valuable papers, or anything, to the care of another.

DEPOSITS ON MONEY—See *American Association Year Book*, 1911, page 122.

DEPRECIATED CURRENCY—When it takes more than a like amount, face value, of any kind of money to have the same purchasing power as gold coin, the former is a "depreciated currency."

DEPRECIATION—See *American Association Year Book*, 1909, page 166.

DEPRECIATION ACCOUNT—See *American Association Year Book*, 1909, page 166.

DEPRECIATION FUND—See *American Association Year Book*, 1909, page 166.

DEPRECIATION RESERVE—See *American Association Year Book*, 1909, page 166.

DEROGATION—As used in relation to securities, it means a subtraction from or alteration of a contract for the sale of the same.

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- DETERIORATION**—That decrease in the value of an asset which is due to lapse of time, oxidization, etc.
- DETRIMENTS**—Diminishments in value of possessions, or value of former possessions entirely lost.
- DIFFERENTIAL**—A rate less than the regular or tariff rate allowed to a road disadvantageously situated, by a competitor, in order to equalize conditions and avoid rate wars.
- DIMINISHING ASSETS**—Assets which diminish by realization or use.
- DIRECT LABOR**—Also called "productive labor." Labor that can be charged directly to an article or group of articles.
- DIRECTOR**—A representative elected by the stockholders of a corporation to formulate its policies and guide its affairs.
- DIRECTOR'S FEE**—A fee allowed to directors as compensation, usually based on attendance at meetings.
- DISBURSEMENTS**—Cash payments made during stated period, regardless of the purpose of the payment.
- DISCOUNT**—An amount deducted from a sum owing or to be paid.
- DISCOUNT ACCOUNT**—See *American Association Year Book*, 1909, page 166.
- DISCOUNT RESERVE**—An account to which should be credited a sufficient amount to cover *trade discounts* on outstanding accounts receivable.
- DISCRETIONARY ACCOUNTS**—Accounts in which the buying and selling, the price and the choice of the stock are left entirely to the broker.
- DISCRETIONARY ORDER**—The nature of such an order is explained by the last subject. One given a legitimate broker is usually, and always should be, accepted with hesitation.
- DISCRETIONARY POOL**—For all practical purposes the same thing as a "blind pool"; at least, the one in control is allowed entire freedom to do as he sees fit with the interests of all.
- DISSOLUTION OF PARTNERSHIP**—Dissolution of partnership is the act of breaking up an association formed for the purpose of trade, or the act of retiring from such association of one or more of the parties concerned.
- DISTRIBUTION REGISTER**—A columnar-ruled book of account in which purchases, wages, expenses or other amounts may be recorded and divided into classifications or allotted to separate accounts in the same process. (Not a voucher-register.)
- DIVIDEND**—This is the proportion of the earnings of a corporation received by the owners of its stock, and represents to them their profits in the enterprise.
- DIVIDEND ACCOUNT**—The controlling account of the general ledger of any corporation to which is credited the amount of any such items on the day of declaration and to which are charged cheques issued in payment thereof, either "en bloc" or as they may be presented for payment.
- DIVIDEND BALANCE**—The earnings of a corporation after deducting operating expenses of every kind, taxes, insurance, any expenditures charged against operating, interest on floating and bonded debt, and

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amount set aside for sinking fund. In other words, the earnings of a corporation which are available for dividends.

DIVIDEND BOOK—The dividend book shows a record of every dividend declared by the directors, the shares held by each stockholder, the amount of dividend to which each stockholder is entitled, together with each stockholder's signature, showing the receipt of the dividend.

DIVIDEND, EXTRA—The majority of corporations have established fixed rates of dividends upon their stocks. These are known as "regular dividends." Anything over and above this rate may be styled an "extra dividend."

DIVIDEND IN LIQUIDATION—When a business or industry of any kind is being wound up, closed out, "liquidated," and money paid from time to time to those to whom it is due, the creditors, stockholders, owners of the business, depositors (in case of a bank), etc., these payments are called "dividends in (process of) liquidation."

DIVIDEND OFF—The sale of a stock with the agreement that the dividend about to be paid shall not go to the buyer; or that the buyer of a stock is not entitled to the next dividend paid.

DIVIDEND ON—The sale of a stock with the agreement that the dividend about to be paid shall go to the buyer; or that the buyer of a stock is entitled to the next dividend paid.

DIVIDEND RESERVE ACCOUNT—For the purpose of equalizing the payment of future dividends; *i. e.*, to permit a company in a bad year to pay its dividend upon shares at the same rate per cent. as it had done in previous years.

DIVIDEND WARRANT—An order for the payment of a dividend to a shareholder is what is commonly understood, although there have been other applications of the term. In England a "dividend warrant" is a cheque for the payment of the dividend.

DOCUMENTARY BILL—A "bill of exchange" accompanied by a "bill of lading," insurance policy and invoice covering the shipment of goods, which papers show the security which is behind the bill of exchange.

DOCUMENTARY COMMERCIAL BILL—Some financiers distinguish between this subject and a "documentary bill" by considering the former as being used in case of a shipment of merchandise, manufacture, or produce, and the latter in the event of other property such, for example, as securities; but custom would seem to designate a bill drawn against the shipment of stocks, bonds, etc., as a "security bill."

DOMESTIC EXCHANGE—The cost of collecting all out-of-town cheques in the United States and Canada, as distinct from foreign exchange, which has to do with the cost of the purchase and sale of foreign bills, etc.

DOMICILIATED—Any instrument, such as a note or draft, which calls for payment at some distant point from that in which it is drawn, is said to be "domiciliated" in its place of payment.

DONATED STOCK—Capital stock of any given corporation which once having been issued for value is presented to the company, usually for the purpose of being sold to raise working capital.

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DORMANT PARTNER—A dormant partner is one who invests capital but takes no part in controlling or directing the affairs of the firm.

DOUBLE ENTRY BOOKKEEPING—By "double entry" the ledger accounts show at least two entries, one to the debit side of some account, and the other to the credit of some other account.

DOUBLE LIABILITY—Corporations in which shareholders can be lawfully held individually responsible, not one for the others, but equally and ratably, for all obligations of the corporation, to an amount equal to the face value of such shares; this in addition to the amount already invested therein.

DOUBTFUL ACCOUNTS—Accounts receivable, the collection of which is considered doubtful.

DOUBTFUL DEBTS—Doubtful debts may be said to be those accounts from debtors whose balances are past due, but whose payment may still be expected.

DRAFT—A written order from one person to another to pay to the order of a third person a stated sum of money.

DRAWEE—The one against whom a "draft" (or "bill of exchange") is made; the one named in it as the party expected to meet its payment.

DRAWER—The maker of a draft, bill of exchange, or other similar paper; the one signing the paper calling for payment on the part of another; the one who "draws" or requests in writing the payment of money.

DRAWING ACCOUNT—An account to which current transactions affecting a partner are debited or credited for the purpose of keeping them apart from the capital account.

An allowance made to salesmen or other employees for salary or expenses.

DRAWN BONDS—Drawn by lot for payment.

DUE BILL—A non-interest-bearing written agreement to deliver the dividend on stock sold.

A written acknowledgment of indebtedness, which is neither made payable to order, nor transferable by indorsement.

DUE FROM BANKS OTHER THAN RESERVE AGENTS—When this appears in a "bank statement," it has the same meaning as given under "Due from Others."

DUE FROM OTHERS—The "bank statements" of some of the cities give an item with the above heading, which indicates money on deposit with banks other than "reserve agents," as referred to in the preceding subject; and also all cheques, etc., in the hands of other banks in the process of collection.

EARNINGS AND INCOME ACCOUNT—Shows the amount of money earned as payment for services, and revenue, and interest from investments—against which the corresponding expense and outlay charges are made.

ECONOMIC ACCOUNTS—Whenever any increase or decrease of wealth is realized or recognized it is recorded, according to its nature, in one of these subordinate accounts, which we shall call, as a whole, the economic accounts.

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- ELEEMOSYNARY CORPORATION**—A corporation not organized for profit, but for benevolent purposes.
- ENTERTAINMENT ACCOUNT**—An account to which shall be charged expenses of entertaining customers or visitors.
- ENTRY**—See *American Association Year Book*, 1909, page 167.
- EQUATION OF PAYMENTS**—The process of finding the mean or average time of payment of several sums of money due at different dates.
- EQUIPMENT ACCOUNT**—See *American Association Year Book*, 1909, page 167.
- EQUIPMENT TRUST**—It is a common practice among railways, in buying cars, locomotives, etc., to mortgage the same and sell securities secured by this mortgage to raise money for the payment of the equipment. These obligations are known as "equipment bonds," "equipment notes," "equipment trust certificates," etc., or when upon cars only, "car trust certificates," etc. A manufacturing concern might also issue "equipment securities."
- EQUITABLE ASSETS**—See *American Association Year Book*, 1909, page 168.
- EQUITY**—The common meaning in reference to investments is the value in the property over and above its indebtedness; for instance, to the stockholders of a railroad belongs its "equity." In case of a mortgage upon real estate, the value of the property above the mortgage would be the "equity." The net value of a thing after deducting any incumbrances, more particularly of real estate.
- ERRORS OF FRAUD**—Errors of fraud are those made with fraudulent intent.
- ERRORS OF OMISSION**—Errors of omission are items left out carelessly or maliciously.
- ERRORS OF PRINCIPLE**—Errors of principle are those made by persons not acquainted with accounts.
- ESTABLISHMENT EXPENSES**—See *American Association Year Book*, 1909, page 167.
- ESTATE ACCOUNT**—See *American Association Year Book*, 1909, page 167.
- ESTATE AND PROPERTY WORK**—Includes the factoring of property and the management of landed estates.
- ESTIMATE**—To form an opinion regarding cost and values.
- ESTIMATED COST ACCOUNT**—An estimated cost account is a statement showing on the debit side the estimated cost of producing a certain article or set of articles of the same kind, and on the credit side the estimated price to be received for the article or articles when completed.
- EXAMINATION (OR BANK EXAMINATION)**—What is usually understood in commercial accounting as a balance sheet audit; i. e., a count and verification of the balances of asset and liability accounts shown by the books as of the close of business on any given date. This is the most common, one might almost say universal, work that is done by accountants for banks. In only a very few instances can the work be termed an audit, as understood in commercial accounting.
- EXCHANGE (See Domestic Exchange)**—The cost of collecting all out-of-

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town cheques in the United States and Canada, as distinct from foreign exchange, which has to do with the cost of the purchase and sale of foreign bills, etc.

EXECUTOR—An executor is a testator's personal representative named in his last will and testament.

EXECUTORSHIP ACCOUNTS—See *American Association Year Book*, 1909, page 167.

EX-INTEREST—Without interest; coupon for interest just due and detached.

EXPENDITURE—See *American Association Year Book*, 1909, page 167.

EXPENSE—Expense suggests some item of outlay which does not leave behind it a tangible asset, either temporary or permanent.

EXPENSE ACCOUNT—Expense is either the title of an account or a general term applied to a series of accounts for recording the expenditures incidental to the management of a business or enterprise, for which no permanent, subsequently convertible, or substantial value is received, as, for instance, rent, insurance, clerk hire, etc.

EXTENDED BONDS—A bond of which the payment of the principal is put off to some future date; the issue not being replaced by other bonds, but the same ones being left in the hands of investors, the security behind the bonds remains the same.

EXTENSION BONDS—Secured by a first mortgage upon an extension of a railroad system, and usually guaranteed by the company proper. Besides being a first mortgage upon the extension, such a bond is often a "second" or "junior" mortgage upon other property.

EXTENSION OF MORTGAGE—When a mortgage on real estate falls due, it may be agreeable to both the borrower and the lender to extend it. An overdue mortgage is perfectly good, and no signing of papers or any legal act is necessary in connection therewith to make the claim of the holder of the mortgage good if he is willing to postpone payment. It is very customary, however, to fill out, sign and record what is known as an "extension of mortgage," for by so doing, if there is an agreement for the extension for a definite time, it will prevent the lender from demanding payment previous to that time, and is, therefore, a protection to the borrower.

EXTERIOR ACCOUNTS—Exterior accounts are those that alone affect persons outside of the business.

EXTERNAL BONDS—An issue of government bonds sold abroad, as distinguished from money borrowed at home.

EXTRANEOUS EXPENSE—Not belonging to or dependent on; such as breaking ground for a building, necessary in the project, but not belonging to the building.

EXTRAORDINARY EXPENSES—Any disbursements against earnings which are not customary or necessary to the business.

FACTORY ACCOUNT—An account kept in the general ledger of a manufacturing business which serves as a controlling account of the factory ledger.

FACTORY BURDEN—In cost accounting, overhead factory expense, or labor

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and expense not directly apportionable to specific increments of production.

FACTORY COST—The material, labor and indirect expense cost of any article; *i. e.*, all expense necessary to manufacture an article.

FACTORY EXPENSE—For direct expenses in the manufactory.

FACTORY LEDGER—The factory ledger is that record in cost accounting which arranges and classifies the information contained in the original factory records.

FACTORY SUPPLIES—Miscellaneous supplies consumed in the process of manufacture or maintenance of the factory.

FARM LOANS—Loans secured by mortgages on farm properties.

FIAT MONEY—Money which a government declares shall be accepted as legal tender at its face value; money issued by a government which is supposed to have the power to enforce its acceptance, within its own dominions, in payment of debts.

FIDUCIARY—"Fiduciary institutions," trust companies, banks, etc. "Fiduciary capacity" has relation to trust.

FIDUCIARY ACCOUNTING—Includes executory and trust work.

FINANCE—See *American Association Year Book*, 1909, page 168.

FINANCE BILLS—"Bills of exchange" (which must first be understood) on foreign countries issued by American bankers against credits or loans granted them by bankers in other countries, and not against shipments of goods.

FINANCE COMPANY—In the United States, the "holding company" is commonly known as a "finance company," but the meaning in England is totally different. There the term has reference to companies dealing in corporation securities.

FINANCIAL ACCOUNTING—Includes the accounts of banks, insurance and investment companies, and building societies.

FINANCIAL YEAR—Sometimes used in the place of "fiscal year."

FINISHED GOODS LEDGER—A subsidiary ledger controlled by the finished goods account in the general ledger showing, with regard to the stock of finished goods, the receipts, issue and balance on hand according to classes, qualities, sizes, etc.

FINISHED PRODUCT—See *American Association Year Book*, 1911, page 118.

FIRE INSURANCE—Fire insurance is a contract by which the insurer undertakes, in consideration of the premium, to indemnify the insured against loss through fire to a specified extent to the property which is the subject-matter of the insurance.

FIRST AND GENERAL MORTGAGE BONDS—This indicates an issue secured by a "general mortgage" on all the property and by a "first mortgage" on a part of it.

FIRST CONSOLIDATED MORTGAGE—A first consolidated mortgage issue would generally indicate what would be literally understood by such combination of words, *viz.*, a consolidated mortgage issue and the first one of such placed upon the property.

FIRST GENERAL MORTGAGE BONDS—This is not only an issue secured by a

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"general mortgage," but the first one of that nature placed upon the property.

FIRST MORTGAGE—There are sometimes several mortgages placed upon the same property. The one having the prior claim to or preference over the others is known as the "first mortgage."

FIRST MORTGAGE BOND—A promise to pay in the form of a bond and secured by a first mortgage. It has first claim on the property of the corporation, as well as upon the earnings.

FIRST MORTGAGE TRUST BOND—This is a form of a "collateral trust bond," and by which it will be seen that under certain conditions a bond of this nature may be indirectly a first mortgage. A "first mortgage trust bond" is therefore one secured by deposit of other bonds which are in themselves secured by a first mortgage.

FISCAL PERIOD—Originally relating to a specific period with respect to a public treasury or public revenue, but now used to designate a specific period to which revenue of any corporation or undertaking relates.

FISCAL YEAR—Any yearly period, regardless of the calendar year, at the end of which any firm, corporation or municipality may close its books in order to determine its financial condition.

FIVE PER CENT. REDEMPTION FUND—Every national bank is required by law to keep on deposit, at all times, in the Treasury of the United States, in lawful money of the United States, a sum equal to five per cent. of the bank's circulation, to be held and used for the redemption of such circulation, which sum shall be counted as a part of the bank's lawful reserve.

FIXED—Established, settled, unchanged.

FIXED ASSETS—See *American Association Year Book*, 1909, page 161.

FIXED CAPITAL—See *American Association Year Book*, 1909, page 168.

FIXED CHARGES—The charges upon a revenue or other account which do not vary, such as interest on bonds, debentures, etc.

FIXED LIABILITIES—Fixed liabilities are the permanent or ultimate obligations as distinct from the current obligations (or floating indebtedness) of a person, firm or corporation.

FLOATING ASSETS—See *American Association Year Book*, 1909, page 161.

FLOATING CAPITAL—See *American Association Year Book*, 1909, page 168.

FLOATING CHARGE—See *American Association Year Book*, 1909, page 168.

FLOATING DEBT—See *American Association Year Book*, 1909, page 168.

FLOATING LIABILITIES—Floating liabilities are those amounts which are due to others or are about to become due, as creditors' accounts and bills payable.

FLOATING STOCK (or other securities)—Available for purchase or speculation. This designates such from that which is locked up in the hands of investors, and so not offered upon the market.

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FORECLOSURE—A method of enforcing payment of a debt secured by mortgage by taking and selling the property which it covers.

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- FOREIGN BILL**—In general this refers to "foreign exchange"; but legally, in this country, the state in which it is made payable.
- FOREIGN COLLECTIONS**—A bank terms its "foreign collections" its cheques, etc., which are not payable in the city in which it is situated.
- FRANCHISE**—A particular privilege granted generally to an incorporated body. It is necessary, for instance, for a street railway company to obtain a franchise; that is, a privilege to operate and do business, before constructing its road. A franchise may be perpetual; that is, granted for all time, but very frequently it is limited in its duration.
- FREE SURPLUS**—The amount which is available for further appropriation, as distinguished from the amount which must be held available to meet unincumbered appropriations and contingent liabilities.
- FREIGHT AND EXPRESS ACCOUNT**—A freight and express account is designed to show the amount paid for freight on goods bought, called "freight in," and on goods shipped, called "freight outward." The account is charged with all express and freight charges, and is credited for any returns, rebates, or for any freight paid for the customer in advance, which he has to pay for. The account of "freight in" is closed at the end of the period into the manufacturing account, and the "freight out" is closed into the trading account.
- FREIGHT DENSITY**—The same as ton miles per mile of line. It measures the general volume or density of business done.
- FREIGHT IN**—A freight and express account is designed to show the amount paid for freight on goods bought, called "freight in."
- FREIGHT OUTWARD**—The amount paid for goods shipped is called "freight outward."
- FUEL ACCOUNT**—The fuel account is kept to show the amount expended to produce power for the plants and machinery needful in the production of goods. The account is charged for all money so expended, and is, finally closed into manufacturing account, since it is a part of the cost of the manufacture of goods.
- FULLY PAID**—No more due; no further payment may legally be demanded.
- FUND**—See *American Association Year Book*, 1909, page 168.
- FUND BALANCE SHEET**—A financial statement showing funding relations, containing on the credit side unexpended authorizations to incur liabilities, contingent liabilities on contracts and orders, reserve for the retirement of temporary loans, etc.; on the debit side, resources such as cash not otherwise applied, outstanding taxes available, and the amount of other revenue accrued but uncollected. In other words, the resources available for meeting the liabilities listed on the credit side.
- FUNDED DEBT**—See *American Association Year Book*, 1909, page 168.
- FUNDING**—Converting debts—not bonded—of various amounts and maturities, or a debt now or soon due, into a unified form, usually with a fixed rate of interest, maturity, etc.
- FUNDING AND REAL ESTATE MORTGAGE BONDS**—The object of a loan of this kind is when a relatively small issue is to be made to save the

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trouble and expense of mortgaging all the property of a company by selecting certain parcels of real estate sufficient properly to secure the issue.

FURNITURE AND FIXTURES—See *American Association Year Book*, 1911, page 120.

GENERAL ACCOUNT—An account of a tendency opposite to that of the majority of the other accounts, introduced into a subsidiary book for the purpose of making it self-balancing.

GENERAL AVERAGE—The determination of the proportionate amount to be paid by the various interests affected, in cases where a loss occurs to property covered by the policies of more than one insurance company.

GENERAL EXPENSES OF OPERATION—The expenses of operating a business.

GENERAL FUND—Money not appropriated for some particular purpose, but which may be used for general and miscellaneous expenses.

GENERAL LEDGER—A ledger in financial and other corporations which contains all the controlling accounts of the business. This is the counterpart of the private ledger of the partnership or firm.

GENERAL MORTGAGE BONDS—Secured by a mortgage upon the property of a corporation and subject to earlier mortgages placed upon parts or all of its property.

GOOD WILL—See *American Association Year Book*, 1909, page 168.

GOODS ACCOUNT—A goods account for a given period is an account showing the transactions connected with goods which have taken place during that period.

GOODS IN PROCESS—A term used at dates of inventory in large manufacturing plants and establishments showing the *condition* (by technical or commercial terms) and *value* of materials as ascertained at inventory.

GOODS IN PROCESS LEDGER—A subsidiary ledger controlled by the goods in process account in the general ledger, showing the goods in process classified as to the elements of cost, namely, materials and supplies, labor and overhead, and grouped around numbers as a means of identifying the individual lots or jobs of product.

GOODS RETURNED—An account to which are charged any sales returned by reason of the goods being damaged or unsatisfying for any other reason; the sum of the balances of this account and of the allowance account, plus discounts, being the deductions from gross sales made in ascertaining net sales.

GROSS EARNINGS—See *American Association Year Book*, 1909, page 169.

GROSS INCOME—See *American Association Year Book*, 1909, page 169.

GROSS PROFIT—See *American Association Year Book*, 1909, page 169.

GROUND FLOOR—A price less than which no one obtained the security. A term often used to designate the price at which the originators of a financial proposition, such as a syndicate, obtained a participation or interest therein, as distinguished from the price at which the same securities were later sold to the public at large.

GROUP ACCOUNT—An account corresponding to a section of the statement

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of income and profit and loss into which the accounts corresponding to the details thereunder are transferred in closing the books. Examples: income from sales, cost of sales, selling expense, administrative expense, deductions from income, etc.

GUARANTEE—An undertaking that the engagement or promise of another shall be performed.

GUARANTEED BY INDORSEMENT—This is a term very frequently used. There is a distinction between "guaranteed by indorsement" and "guaranteed." An issue of bonds, for instance, has been "guaranteed" by a company other than the one issuing the same; these bonds may have been guaranteed after their issue, and the fact of such guarantee may not appear on the bonds. In case of an issue "guaranteed by indorsement," each bond bears upon it the statement that it is "guaranteed" by the corporation in question and the signature of the proper officer of such corporation appears in the statement setting forth the "guarantee."

GUARANTEED STOCKS—Shares issued by one corporation for the payment of the principal or dividends of which one or more corporations have legally assumed responsibility. Stocks may be guaranteed as to dividends only, or as to both principal and dividends.

GUARANTOR—One who promises that the engagement of another shall be performed.

GUARD BOOK—See *American Association Year Book*, 1909, page 169.

GUARDIAN—One legally intrusted with the care of the person, and management of property, of a minor, imbecile, or other person incapable of managing his affairs. Usually appointed by the court, but may sometimes be appointed under a will.

GUESTS' LEDGER—The ledger in which are kept the accounts with the guests of an hotel.

HIRE-PURCHASE AGREEMENTS—It has been a custom of many years' standing for furniture, books, musical instruments, and various other goods to be sold to people under hire-purchase agreements or what is better known as the instalment plan. The goods are immediately delivered but are payable for in a period of years, and remain the property of the vendor until the last instalment is paid.

HOLDER IN DUE COURSE—The holder of an instrument other than the one to whom it was originally given, when obtained in the due course of business in a legal way.

HOLDING COMPANY—A corporation owning the stocks of other corporations from which it derives its principal income through dividends.

HONORED OR RETIRED—Paid at the time agreed upon or at maturity.

HONOR—To pay. A draft is "honored" when it is paid upon presentation, if it is a "sight draft," and "honored" when "accepted" if a "time draft."

HYPOTHECATE—See *American Association Year Book*, 1909, page 169.

IMMATERIAL ASSETS—A generic term for assets not material in nature, as good will, rights under leases, patents, etc.

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- IMPAIRMENT ACCOUNT**—See *American Association Year Book*, 1909, page 169.
- IMPERSONAL ACCOUNTS**—See *American Association Year Book*, 1909, page 169.
- IMPREST CASH**—A term used to designate cash impressed for a specific purpose, as for petty expenses, and which is carried upon the books as a fixed amount.
- IMPREST FUND**—A fund impressed or earmarked for a particular purpose, *e. g.*, petty cash fund, which is periodically reimbursed for the exact amount expended so as to restore the fund to its original amount.
- IMPROVEMENT ACCOUNT**—An account kept for the purpose of showing the amount expended for improvements or betterments to a plant or any property.
- IMPROVEMENT MORTGAGE BONDS**—An "improvement mortgage" secures an issue of bonds necessitated in order to provide funds for improvements, additions, betterments, etc., to a property.
- INACTIVE ACCOUNT**—A bank account against which very few cheques are drawn and at infrequent intervals, and to the credit of which deposits are not often made; or an account with a broker which shows infrequent purchases and sales on the part of the customer.
- INACTIVE STOCKS OR BONDS**—Securities which are bought and sold only at infrequent intervals; seldom quoted; difficult for the public at large to ascertain the market value of.
- INCOME**—See *American Association Year Book*, 1909, page 169.
- INCOME BOND**—A long term secured promissory note the interest on which is payable out of income if earned.
- INCOME FROM OPERATIONS**—That income which is derived from the principal business in which the organization is engaged.
- INCOME FROM SALES**—That portion of the net sales which remains after deducting allowances, outward freight and cartage, trade discount and items of a similar nature.
- INCOME AND EXPENDITURE ACCOUNT**—An income and expenditure account (like a profit and loss account) states the entire income for the period to which it relates without regard to whether the same has been collected or received in cash; and also the total expenses properly chargeable against said income without regard to whether the same have been paid or are still owing, and therefore takes cognizance of outstanding assets and liabilities both at the commencement and close of said period.
- INDENTURE**—This is generally understood to be a contract, an agreement under seal, or a deed between two or several parties. The name arises from a custom of drawing a deed with the edge indented for identification and greater security.
- INDEX LEDGER**—See *American Association Year Book*, 1909, page 169.
- INDIRECT EXPENSE**—See definition under "Overhead."
- INDIRECT LABOR**—Also called "unproductive labor." Labor which cannot be charged directly to any article or any special classification thereof.

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INDIVIDUAL ACCOUNT—See *American Association Year Book*, 1909, page 169.

INDIVIDUAL DEPOSITS—Individual deposits would have reference to all deposits other than by banks and trust companies, United States government, or from the banks' agents. It would include deposits of firms, individuals, corporations in general, private bankers, etc.

INDIVIDUAL LEDGER—See *American Association Year Book*, 1909, page 170.

INDORSEE—The party indorsing a paper, by such act, must assign or transfer certain rights therein to another called the "indorsee"; that is, the person to whom a cheque, note, etc., is indorsed, or made payable by assignment.

INDORSEMENT—The indorser's act of writing, or the writing itself.

INDORSEMENT IN BLANK—An instrument with simply the name of the indorser written upon its back.

INDORSEMENT IN FULL—An instrument with not only the name of the indorser written upon its back, but following directly under the name of the party to whom it is indorsed for payment.

INDORSER—A person who indorses a cheque, note, etc.; that is, writes his name across the back and by this act becomes liable for its payment.

INDORSER FOR VALUE—The opposite to an "accommodation indorser"; one who receives consideration for his indorsement.

INDUSTRIAL INSURANCE—This differs in no essential particular from the ordinary life insurance. It consists of insurance for small amounts among those who cannot, or do not wish to, afford so large a policy as, say \$1,000, and who prefer to pay the premium weekly in small sums.

INDUSTRIAL SECURITIES—Securities issued by manufacturing companies.

INHERITANCE TAX—A state tax imposed upon property inherited, not a tax collectible from year to year like city taxes, but collectible only once—at the time of the inheritance of the property, and payable to the state only.

INSOLVENCY—That financial condition in which the assets are not sufficient to meet the liabilities.

INSOLVENT—Inability to liquidate in full.

INSTALMENT BOOK—See *American Association Year Book*, 1909, page 170.

INSURANCE—Insurance is an agreement between two parties by which the one for a specified sum undertakes to indemnify or insure the other against some special risk or loss.

INSURANCE ACCOUNT—The insurance account is designed to show the amount paid to a company or companies, representing a premium, or premiums, whereby such company or companies hold themselves responsible for any pecuniary loss to the insured.

INTANGIBLE ASSET—One not susceptible to the touch.

INTANGIBLE VALUES—The cost of acquirements other than physical property, as for franchises, patent rights, good will, etc.

INTERCEPTING SEWER BONDS—In some cities where the cost of the sewers is borne by the owners of the abutting property especially benefited

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by each particular sewer, there is a certain proportion of the whole system for which it is deemed proper that the municipality at large should be responsible, and, in such cases, the town or city itself may issue bonds for such a purpose bearing the above title.

INTERCHANGEABLE BONDS—Interchangeable bonds are those which are changeable from "coupon" to registered," and back again from "registered" to "coupon," at the request of the holder.

INTEREST ACCOUNT—See *American Association Year Book*, 1909, page 170.

INTERIM CERTIFICATE—A temporary certificate issued to the purchaser of a given security until the properly engraved, lithographed or printed security can be issued to take its place. They are often issued by the corporation itself but more frequently by some trust company.

INTERIOR ACCOUNTS—Proprietary and economic accounts are interior accounts.

INTERMEDIATE LEDGER—See *American Association Year Book*, 1909, page 170.

INTERMEDIATE UNIT—May be a month, week, quarter or half year.

INTERNAL ACCOUNTS—See *American Association Year Book*, 1909, page 170.

INTERNAL CHECK—See *American Association Year Book*, 1909, page 170.

INTERNAL LOAN—An issue of bonds placed among investors in the country by which issued.

INTER-RELATION OF INTEREST—At times, the control by a certain group of men of the stock of one or more railway companies, and control on the part of these railways or other companies is so far-reaching, and the operating of such roads so largely dominated or influenced by the group of men mentioned, that competition, which otherwise might exist between such roads, disappears, on account of the "inter-relation of interest" existing.

INVENTORY—See *American Association Year Book*, 1909, page 170.

INVESTMENT—The purchase of real property, stocks, or some evidence of indebtedness, with the purpose of obtaining an interest return upon the money.

INVESTMENT ACCOUNT—See *American Association Year Book*, 1909, page 170.

INVESTMENT AND FINANCE WORK—Includes the investment of money, floating loans for municipalities or corporations, and obtaining loans for and financing private individuals.

INVESTMENT FUND—See *American Association Year Book*, 1909, page 170.

INVOICE—An account, descriptive of goods sold, with prices, etc., furnished the buyer by the seller.

INVOICE BOOK—See *American Association Year Book*, 1909, page 170.

INVOICE LEDGER—See *American Association Year Book*, 1909, page 170.

INWARD FREIGHT—An account representing the transportation charges on incoming goods.

IRREDEEMABLE BONDS—There is no question of amortization; the invest-

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ment is simply a perpetual annuity. The cash interest is all revenue, and the original cost is the constant book value.

ISSUE PRICE—The price at which an issue of securities is offered to the public.

ITEM—Each cheque or draft, etc., which a bank presents at the clearing house is referred to as an "item."

JAIL BONDS—A form of municipal indebtedness created for the purpose of building or enlarging a jail, and usually a county obligation.

JOBGING REVENUE—Revenue obtained from repair work as distinct from construction of new machinery or utilities.

JOINT ACCOUNT—See *American Association Year Book*, 1909, page 171.

JOINT ADVENTURE (OR JOINT VENTURE)—An agreement in which two or more parties combine property, or services, or all of these, for the purpose of engaging in a single venture without establishing the relation of partners.

JOINT INDORSEMENT—Sometimes a note is made payable to two or more persons, not partners. Their indorsement in such a case is "joint."

JOINT STOCK ASSOCIATION—The term joint stock association includes every unincorporated joint stock association, company or enterprise, having written articles of association and capital stock divided into shares, but does not include a corporation, and the term "stockholder" includes every member of such an association.

JOINT STOCK COMPANY—A joint stock company is of the nature of a partnership, but similar to a corporation in form, inasmuch as its capital stock is fixed in amount, divided into shares, and can be transferred; the business is conducted by officers, and the company is not dissolved by the death of a member or by sale or transfer of his stock. It is not, however, legally regarded as one artificial person, and the members of such a company are individually liable as in a partnership.

JOINT VENTURE—See definition under "Joint Adventure."

JOURNAL—See *American Association Year Book*, 1909, page 171.

JOURNALIZING—The act of recording any financial transaction in the journal.

JOURNAL VOUCHER—A properly approved instrument in writing authorizing an entry on a book of account.

JUDGMENT BOND—Issued in satisfaction of a debt adjudged legal by a decision of the court. Such bonds, presupposing an ability to pay, are considered safe; the courts recognizing no right of the issuing party to avoid payment unless the existence of fraud in obtaining the judgment can be demonstrated.

JUDGMENT DEBT—An indebtedness which has been legalized by action of a court.

JUDGMENT NOTE—When a debtor wishes to avoid having a lawsuit brought against him, he may be willing to acknowledge the debt by giving a "judgment note," which is simply an ordinary promissory note containing a power of attorney to appear and confess judgment for him.

JUNIOR BONDS OR SECURITIES—Bonds over which another issue has pre-

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cedence, and, in case of foreclosure, would have prior claim upon the property.

JUNIOR MORTGAGE—A mortgage over which some other mortgage would take precedence in the case of foreclosure. "Junior mortgages" would have reference to all but the first mortgage.

LABOR ACCOUNT OR WAGES—This account shows that amount of money expended in manufacturing as remuneration to laborers for converting raw material into salable commodities.

LABOR HOUR—A basis for the distribution of overhead. As a unit it consists of the labor of one operative on hour.

LAND—The surface of the earth, including the natural resources above and below it.

LEDGER—See *American Association Year Book*, 1909, page 171.

LEGAL ASSETS—See *American Association Year Book*, 1909, page 171.

LEGAL EXPENSE—Found useful in addition to the expense account where there is much litigation; as a record of attorney's fees, costs, etc.

LEGAL TENDER BONDS—Bonds payable in any "legal tender," money of the United States.

LESSEE—The party to a contract of lease who under the terms thereof receives the right to the use of the property.

LESSOR—The party to a contract of lease who under the terms thereof gives up the right to the use of the property.

LIABILITIES—See *American Association Year Book*, 1909, page 171.

LIABILITIES—FIXED—(See Fixed Liabilities).

LIABILITIES—FLOATING—(See Floating Liabilities).

LIEN—A claim against the property which the possessor may retain until the satisfaction of some demand or a debt due him. A mortgage is a "lien."

LIFE ASSURANCE—Life assurance is a mutual contract by which an insurance company undertakes to pay a certain sum upon the death of the assured, or upon his attaining a certain age, and the assured becomes bound to pay certain sums in name of premium.

LIFE TENANT—The beneficiary under a will who enjoys the income from an estate during life.

LIMITED—When the word "limited" is affixed to a stock company's name, it signifies that each shareholder is individually liable to the creditors of the company for only the amount representing the value of shares held by each. If suit is brought against the company for a claim and it is not paid by the company, action may be brought against any one of the shareholders to the extent of the shares held by him; and when claim is by him paid, he may recover from each of the other shareholders the amount paid in proportion to the shares held by each—less his own proportion of such claim.

LIMITED PARTNERSHIP—A special form of partnership in which the liability of the special partner is limited to the amount of his capital contribution.

LIQUID ASSETS—See *American Association Year Book*, 1909, page 171.

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- LIQUID PROFITS**—Profits available for division from cash in hand or assets immediately realizable.
- LIQUIDATED DAMAGES**—Damages fixed upon in advance by the parties to a contract as the amount which shall be recoverable upon a breach of the contract.
- LIQUIDATION ACCOUNT**—See *American Association Year Book*, 1909, page 172.
- LOAN**—The temporary transfer of assets from one party to another without change of ownership which may or may not be accompanied by a note, the payment of interest or the giving of security.
- LOAN ACCOUNT**—See *American Association Year Book*, 1909, page 172.
- LOAN CAPITAL**—Loan capital is the capital borrowed upon issues of bonds, secured by mortgages, usually on real estate, which is to be paid at some future time.
- LONG (STOCK BROKERAGE)**—By long is meant the act of a speculator carrying stocks in the expectation of a rise in market quotations.
- LOSS**—When a security is sold for less than cost or depreciates in value below cost; when a business at the end of a stated period has incurred a cost of operating greater than the receipts, the business has been run at a "loss."
- LOSS AND GAIN ACCOUNT**—The same as profit and loss account. In one sense a more logical title by reason of the position in which the words are placed.
- MACHINE HOUR**—A basis for the distribution of overhead. As a unit it consists of the work of one machine one hour.
- MACHINE OR PROCESS COST**—A method of charging manufacturing costs to the machine or process.
- MACHINERY**—See *American Association Year Book*, 1911, page 119.
- MAINTENANCE ACCOUNT**—See *American Association Year Book*, 1909, page 172.
- MAINTENANCE OF WAY AND STRUCTURE**—This heading is often seen under the "operating expenses" of a railroad company and, as classified by the Interstate Commerce Commission, includes the following: Repairs of roadway, renewals of rails and ties, repairs and renewals of bridges, culverts, fences, road crossings, signs, cattle guards, buildings and fixtures, docks, wharves and telegraph, stationery and printing in connection with the foregoing; also minor expenses referred to as "other expenses," which go to preserve a good physical condition of the line of road.
- MAJOR UNIT**—Constitutes a year.
- MAN HOUR**—A basis for the distribution of overhead. As a unit it consists of the work of one man one hour.
- MANIFEST**—The invoice of a ship's cargo, and the names of the party, or parties, to whom it is destined.
- MANUFACTURING ACCOUNT**—An account subsidiary to profit and loss account for the purpose of showing the result of factory operations separately from the trading.

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- MANUFACTURING COST SYSTEM**—A system subsidiary to but controlled by the general books whereby items of cost and expense are grouped around units of production and service which are identified by groups for cost purposes.
- MANUFACTURING PROFIT**—The excess of sales over the prime cost of producing the goods sold.
- MANUFACTURING SUPPLIES**—Miscellaneous supplies to be consumed in the process of manufacture which are either too small or too inexpensive to warrant being charged to stock.
- MARINE INSURANCE**—Marine insurance is a contract whereby a person having an interest depending upon the safety of property exposed to risk at sea may be indemnified by paying a sum, called a premium, to the insurer or underwriter.
- MARGIN (STOCK BROKERAGE)**—Margin is the amount placed by the speculator with his broker as guarantee against loss to the broker should the market quotations go against him.
- MARKETABLE GOODS**—Product for which a ready sale can be found, distinct from "supplies for operation."
- MARKETABLE SECURITIES**—Bonds or shares which are quoted on the stock exchange, or which can readily be turned into cash.
- MATERIAL IN PROCESS**—Product in an uncompleted state, but differentiated from raw material.
- MATERIAL REQUISITION**—A form used for registering the material taken out of stores.
- MATERIALS AND SUPPLIES LEDGER**—A subsidiary ledger controlled by the materials and supplies account in the general ledger, showing, with regard to the receipts and issues of the various kinds of materials and supplies, the date, number of units, cost per unit and money value.
- MECHANIC'S LIEN**—Granted by law to workmen and furnisher of material.
- MERCANTILE CREDITS**—A comprehensive term for cash and accounts and notes receivable.
- MERCANTILE AND MANUFACTURING ACCOUNTING**—Relates to the accounts of traders and manufacturers, and includes shipping.
- MERCHANDISE ACCOUNT**—See *American Association Year Book*, 1909, page 172.
- MERCHANDISE IN STOCK**—See *American Association Year Book*, 1911, page 117.
- MERCHANDISE PURCHASE ACCOUNT**—This account should be opened to show the entire charges for all merchandise purchased, and should be credited for all merchandise purchase returns. The balance would then represent the net amount of the purchases for the period, which amount should be carried to the trading account.
- MERCHANDISE PURCHASED**—For merchandise purchases and adjustments of same.
- MERCHANDISE SALES**—For merchandise sales and adjustments of same.
- MERGER**—A consolidation; an amalgamation; a combination of two or more corporations under one management.

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MINOR UNIT—Constitutes a day.

MINUTE BOOK—A company minute book is for the purpose of containing the minutes of the meetings of the shareholders and of all directors.

MONEY VALUE—Value expressed in terms of money.

MORTGAGE—An instrument signed, sealed, and given by the borrower (or "mortgagor") to the lender (or "mortgagee") or to a third party who holds it as trustee for the lender, by which the latter has the right to possess himself, by following proper formalities, of property described in the instrument, in case the borrower does not meet his indebtedness as set forth in the conditions agreed to at the time of creating the debt.

MORTGAGE BOND—A promise to pay in the form of a bond and secured by a mortgage on property.

MORTGAGE NOTES PAYABLE—For notes given in payment for real estate, machinery, etc., purchased.

MORTGAGEE—The individual, firm, or corporation, to whom property is mortgaged; the one holding the mortgage; in other words, the lender of money.

MORTGAGE SALE—The sale of property mortgaged as security for the payment of a debt or the fulfillment of a contract.

MORTGAGOR—The person, firm, or corporation, which signs or gives a mortgage against property; the one who grants the estate as security for debt; in other words, the borrower of the money.

MUNICIPAL BOND—Any legally authorized bond issued by village, township, city, or any territorial subdivision of the same, the payment of which must be accomplished through the collection of taxes, assessed upon the property embraced in the division or subdivision issuing the bond.

MUTUAL ACCOUNT—A mutual account is one containing reciprocal demands or charges between merchants.

NARRATIVE—The explanation given (or which should be given) in all journal entries.

NATIONAL DEBT—In this country, all outstanding obligations of every kind of the United States government; not only the bonds of the government, but such other indebtedness as paper money, which the government promises to pay, less the amount of gold in the Treasury available for the payment of the same.

NEGATIVE ACCOUNT—See *American Association Year Book*, 1909, page 172.

NET—A thing is said to be "net" when all possible deductions have been made from its totality, and it is at its lowest terms.

NET CAPITAL—See *American Association Year Book*, 1909, page 172.

NET CASH—Cash (payment) on delivery, as distinguished from "cash," which in the mercantile world is often taken to mean payment in a short time, generally ten days.

NET DEPOSITS—The "net deposits" of a national bank, upon which to figure the "reserve" requirements, are obtained by deducting the cheques which a bank holds drawn against other banks in the same place, exchanges for clearing house and national bank notes.

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NET EARNINGS—As applied to net earnings from the operation of a business after deducting only the expenses incidental to the conduct thereof.

NET INCOME—After all costs of operating and fixed charges of every kind have been deducted from the earnings of a corporation, the balance, which is the amount available for dividends, may be called "net income."

NET INVESTMENT—See *American Association Year Book*, 1909, page 172.

NET PRICE—The lowest price; the price less all discounts or other allowances.

NET PROFITS—See *American Association Year Book*, 1909, page 172.

NET SURPLUS—The profits which are left after paying all the expenses of operating, taxes, insurance, interest on debts of all kinds, sinking fund, if any, and dividends.

NET WORTH—The difference between what a concern owns and what is due to it, and what it owes to others, is the "net worth"; the excess of its assets over its liabilities.

NEW BUSINESS EXPENSE—An account to which shall be charged salaries of canvassers, solicitors and agents, also advertising and the like, when specifically expended to procure business in any new field.

NOMINAL ACCOUNTS—See *American Association Year Book*, 1909, page 172.

NOMINAL ASSETS—Although by this is especially understood property of uncertain, undetermined, or of no value, yet it is also extended to mean assets (property) of all kinds, belonging to a person, firm, or corporation.

NOMINAL CAPITAL—See *American Association Year Book*, 1909, page 173.

NOMINAL LEDGER—See *American Association Year Book*, 1909, page 173.

NOMINAL PARTNER—A nominal partner is one who allows his name to appear in the firm name, or represents himself as a member of the firm when in reality he has no interest in or control of its affairs; but to the extent that the firm receives credit by such representations he is liable for its debts.

NON-LEDGER ASSETS—Property owned but not appearing on the books of a business; concealed assets or profits.

NOTE—A written promise to pay a specified sum of money at some future time.

NOTES PAYABLE—All written agreements in every form which a person has entered into, and which are held by others, and which bind such a person to pay sums of money at some future time either on demand or a fixed date.

NOTES PAYABLE FOR MERCHANDISE PURCHASED—See *American Association Year Book*, 1911, page 121.

NOTES PAYABLE FOR MONEY BORROWED—See *American Association Year Book*, 1911, page 121.

NOTES RECEIVABLE—See *American Association Year Book*, 1911, page 116.

NOTES RECEIVABLE DISCOUNTED—To show the contingent liability on notes receivable discounted.

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- OBSOLESCENCE—OBSOLETE**—Terms used frequently with machinery. The machinery, although in perfect working order, becomes antiquated, old-fashioned, obsolete, and practically junk by the side of newer and up-to-date machinery, which does the work of the "obsolete" machinery in less than say half the time, and at half the cost of operation.
- OFFICE EXPENSE**—For direct expenses in the office.
- OFFSET**—Sometimes notes bear the words "without offset," meaning that if the person holding the note meets with financial disaster he cannot use the note as an "offset" against any sum which he may happen to owe the person who signed the note.
- To set one account against another; to make the account of one party pay the demand of another; a sum, account or value set off against another sum or account as an equivalent.
- ON ACCOUNT**—A partial payment of an amount due.
- ON CALL**—It has reference to money or anything "subject to call"; subject to demand for immediate delivery or payment.
- OPEN ACCOUNT**—See *American Association Year Book*, 1909, page 173.
- OPEN MORTGAGE**—A mortgage under which more indebtedness can be incurred; the amount of indebtedness authorized under the terms of the mortgage has not been reached.
- OPENING ENTRIES**—See *American Association Year Book*, 1909, page 173.
- OPERATING CAPITAL**—See *American Association Year Book*, 1909, page 173.
- OPERATING DEPARTMENTS**—Divisions of a manufacturing business, such as pattern room, foundry, machine shop, etc.
- OPERATING EXPENSE**—See *American Association Year Book*, 1909, page 173.
- OPERATING LEDGER**—See definition under "Factory Ledger."
- OPERATING REVENUE**—Revenue derived from operation as differentiated from interest on outside investments, rents, etc.
- OPERATING SURPLUS**—This is the profit remaining after taking into consideration all costs of every nature of operating any corporation or business industry for a given period of time.
- OPTIONAL REDEMPTION**—Sometimes the issuer has the right to redeem at a certain date earlier than the date at which he must redeem. It must always be expected that this right will be exercised if profitable to the issuer; hence, bonds bought at a premium must be considered as maturing, or reaching par, at the earlier date. Bonds bought at a discount must be considered as running to the longer date.
- ORGANIZATION EXPENSE**—Expenses of organizing a business usually carried as an advanced payment, and written off gradually over a certain period.
- ORIGINAL ENTRY**—See *American Association Year Book*, 1909, page 173.
- OTHER ASSETS**—See *American Association Year Book*, 1911, page 120.
- OTHER LIABILITIES**—See *American Association Year Book*, 1911, page 122.
- OUTSTANDING ACCOUNTS**—See *American Association Year Book*, 1909, page 173.

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OUTWARD FREIGHT—An account representing the transportation charges on outgoing goods.

OVERHEAD DAY—A basis for the distribution of overhead. As a unit it consists of the amount of overhead applicable to each unit of product each day.

OVERHEAD ON ONCOST—Elements of cost, which although they cannot be definitely assigned to any particular job, or even series of jobs, are a necessary part of the expense of manufacture, and must be taken into account in calculating costs.

OVERLYING MORTGAGE—A mortgage to which some one, or more, other mortgages have prior claims.

PAID UP CAPITAL—See *American Association Year Book*, 1909, page 173.

PAID UP VALUE—A life insurance term describing the sum of insurance which, without further payment of premiums, should be given the insured in case of cessation on the part of the latter of payment of premiums after a fixed time.

PAPER PROFITS—Profits supposed to exist, but not yet realized.

PARENT COMPANY—A corporation controlling or owning other companies.

PARITY—Equal to; a similarity existing. The equivalent in price of the same security quoted in different markets after making allowances for different methods of quoting or other factors.

PARTICIPATING BOND—One which, while secured by a mortgage on a specific property, provides that the holder shall share in the profits accruing to the issuing corporation through ownership of the shares in other corporations, and which may or may not be additionally secured by the deposit of such securities.

PARTICIPATING POLICY—A participating life insurance policy is one under which the holder shares in any surplus earnings of the company, receiving them in the form of cash dividends, or in additional insurance, at the option of the insured.

PARTICULAR AVERAGE—In marine insurance the computation of loss on particular cargo actually damaged or damage to vessel resulting from accident or marine peril.

PARTI-MORTGAGE RECEIPT—A certificate issued by a company holding the papers in a mortgage showing the holders' proportionate ownership in the loan which the mortgage secures. This is done when a mortgage-note is of such large amount that to find one purchaser for the whole would be difficult or impossible.

PARTLY FINISHED PRODUCT—See *American Association Year Book*, 1911, page 118.

PARTNERSHIP—Partnership is the relation which subsists between persons carrying on a business in common with a view of profit.

PASS A DIVIDEND—A dividend is passed when it is not paid at the regular expected time; when a corporation ceases paying dividends, without a formal vote to do so.

PASSIVE ASSETS—A name sometimes applied to fixed assets.

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- PAYEE**—The person (firm or corporation) to whom a note, draft, etc., is made payable.
- PAYER**—The person (firm or corporation) who pays a draft, note, or similar paper.
- PAY-ROLL**—See *American Association Year Book*, 1909, page 174.
- PER CENT. (PER CENTUM)**—Meaning, literally, by the hundred, but used, in practice, as the equivalent of "hundredth."
- PERMANENT ASSETS**—See *American Association Year Book*, 1909, page 174.
- PERSONAL ACCOUNTS**—See *American Association Year Book*, 1909, page 174.
- PERSONAL PROPERTY**—All movable property; horses, tools, furniture, "chattels" of all kinds (crops of annual planting, such as potatoes, are usually treated as "personal property," but would pass with the sale of the land if growing thereon), securities, etc., as distinguished from "real property."
- PERSONAL SECURITY**—Any property such as described under "personal property," when given to secure the payment of a debt, or the fulfillment of a promise.
- PETTY CASH**—See *American Association Year Book*, 1909, page 174.
- PETTY CASH BOOK**—See *American Association Year Book*, 1909, page 174.
- PETTY LEDGER**—See *American Association Year Book*, 1909, page 174.
- PLAIN BOND**—A bond not secured by mortgage; practically the same thing as a "debenture bond" or a "certificate of indebtedness." It would not be supposed to have a "sinking fund."
- PLANNING OF ACCOUNTS**—Arranging the accounts in the general ledger in the order in which it is expected they will appear in the financial statements.
- PLANT**—See *American Association Year Book*, 1909, page 174.
- POSTING**—See *American Association Year Book*, 1909, page 174.
- POSTPONED CREDITORS**—See *American Association Year Book*, 1909, page 174.
- PREDETERMINED COST**—The cost of production scientifically calculated in advance.
- PREMIUM**—(1) A fee charged for insurance; (2) the excess cost or price of a bond or share of stock above par.
- PREFERENCE BONDS**—Practically the same as "income bonds."
- PREFERENTIAL CREDITORS**—See *American Association Year Book*, 1909, page 174.
- PREFERRED CREDITOR**—See *American Association Year Book*, 1909, page 174.
- PREFERRED STOCK**—Capital stock issued in conjunction with common capital stock and having prior rights over the latter with respect to assets or dividends.
- PRELIMINARY EXPENSES**—See *American Association Year Book*, 1909, page 174.
- PRIMARY INCOME**—That income which is derived from the principal business in which the organization is engaged.
- PRIME COST**—See *American Association Year Book*, 1909, page 175.

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PRIME INVESTMENTS—Those which are considered sound, conservative and safe.

PRINCIPAL—The principal of a bond, or any other security, is its face value; that is, the amount regardless of interest or premium, which the investor is entitled to receive at the maturity of the obligation; the sum on which the charge for interest is reckoned. "Par value" denotes the "principal" of a share of stock.

PRIVATE CORPORATIONS—Private corporations are those organized for private enterprise.

PRIVATE LEDGER—See *American Association Year Book*, 1909, page 175.

PROCESS COST SYSTEM—A method of cost finding by charging all the direct elements of cost to a process.

PRODUCT SYSTEM—Method in cost finding by which the elements of cost are charged to the product.

PRODUCTION EQUIPMENT—Equipment necessary to produce some manufacture or utility, especially with public service corporations for production of electricity, gas or power.

PRODUCTION ORDER—An order to the factory to produce a certain quantity of goods.

PRODUCTION REPORT—A report from the factory showing production.

PRODUCTIVE LABOR—See definition under "Direct Labor."

PRODUCTIVE LABOR SYSTEM OF COSTS—A system in which the indirect expenses are distributed on the basis of productive labor, hours or cost.

PROFIT AND LOSS ACCOUNT—See *American Association Year Book*, 1909, page 175.

PROFITS—Profit consists of the surplus remaining over from the employment of capital after defraying all the necessary expenses and outlay incurred in its employment, and after the capital has been replaced or provision made for its replacement.

PROMISSORY NOTE—A written promise on the part of one person to pay another or order a stated sum of money at some future time.

PROMOTION STOCK—Capital stock issued only for the consideration of services rendered in forming or promoting a corporation.

PROOF OF LOSS—In fire and credit insurance the means taken to prove loss of an insured interest and to obtain the value of such loss.

PROPAGANDA—A campaign of advertising having as its object the bringing of certain new goods or services to the attention of the public.

PROPERTY RESERVE ACCOUNT—An account to which should be credited gains other than the regular earnings from the business, and against which losses, other than operating losses, may be written off.

PROPRIETARY CORPORATION—A corporation owning the capital stock of another corporation.

PROPRIETORSHIP—(1)—The excess of assets over liabilities. (2) That portion of the assets of a business organization which is assigned to the proprietor as his equity.

PRO RATA RATE (As used in insurance)—A rate is based on a year's period

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of time. A "pro rata rate" is the proportion of the yearly rate which the period of time that policy is in force bears to one year.

PUBLIC ACCOUNTING AND FINANCE—Includes cities, towns, county councils, parish councils, school boards and other public bodies.

PUBLIC CORPORATIONS—Public corporations are those created for the purpose of local government and are given the power to legislate within certain limits subject to the control of the state legislature.

PUBLIC SERVICE CORPORATIONS—Corporations existing to supply some service or utility indispensable to the general public, such as transportation, gas, light, water power, etc.

PURCHASE BOOK—See *American Association Year Book*, 1909, page 175.

PURCHASE JOURNAL—See *American Association Year Book*, 1909, page 175.

PURCHASE LEDGER—See *American Association Year Book*, 1909, page 175.

PURCHASE MONEY BONDS—Bonds commonly given by one corporation in exchange for the stocks of some other corporation purchased by the former.

PURCHASE REQUISITION—A written request for raw material or supplies needed in the factory.

PURCHASED LINE (OR LINES) MORTGAGE—A railroad may purchase all or the controlling interest in one or more other lines of railroad, which roads in themselves, perhaps, were not of very high standing until purchased by the company first mentioned. There may be some reason why the purchasing company cannot issue more bonds of its own for the needs of the purchased line (or lines) and, therefore, may issue a mortgage directly upon the purchased line (or lines) itself, but the mortgage may bear the name of the owning railroad, but, in case of default in the interest or principal, the owner could only look to the property actually mortgaged for his protection. Of course, the terms of such mortgages vary greatly, but, as a rule, a "purchased line mortgage" is only a mortgage upon a railroad line actually purchased and not any obligation of the parent company, unless guaranteed by the same.

QUALIFIED INDORSEMENT—An indorsement with the addition of the words "without recourse" is a "qualified" one. Further negotiation is not prevented by indorsement of this kind, but the indorser is relieved from all liability for payment.

QUASI-MUNICIPAL—A municipal corporation established by law, without the franchises of such a corporation generally.

QUICK ASSETS—Anything that can be readily converted into cash without the necessity of taking a prohibitive loss.

RAW MATERIAL—See *American Association Year Book*, 1911, page 119.

REAL ACCOUNT—See *American Association Year Book*, 1909, page 175.

REAL ESTATE—See *American Association Year Book*, 1909, page 175; 1911, page 119.

REAL ESTATE MORTGAGE—Mortgage upon real estate and given to secure a debt or promise.

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REAL ESTATE MORTGAGES PAYABLE—See *American Association Year Book*, 1911, page 121.

REAL PROPERTY—Land and buildings, including everything, such as minerals, etc., below the surface, and the air or space above; also all crops, as grass, trees, etc., which are not considered as of annual planting.

REALIZE—To convert into cash; sell; take one's profits.

REALIZATION ACCOUNT—An account in which are recorded the entries relative to the winding up of or disposal of an estate, investment business or other undertaking, the term being used in a broader sense than "liquidation" account.

REALIZATION AND LIQUIDATION ACCOUNT—An account showing the result of the liquidation of a business or estate.

REBATE—A special allowance made from the sale price of goods or services.

RECAPITULATION STATEMENT—A statement presenting titles and totals of other statements without the details contained in the latter.

RECEIVER—One appointed by a court to take the custody, management, or disposal of property in controversy, pending litigation.

RECEIVER'S CERTIFICATE—A form of indebtedness issued by authority of the court against property under the management of the receiver, for the purpose of borrowing money.

REDEMPTION FUND—See *American Association Year Book*, 1909, page 176.

REGISTER OF ACCOUNTS PAYABLE—See definition under "Audited Voucher Register."

REGISTERED BONDS—Registered bonds are payable to holders only, and cannot be transferred unless by an assignment.

RELEASE OF MORTGAGE—When the holder of a mortgage has received payment for the debt, or satisfaction of the other obligations or conditions which the mortgage was given to secure, it is not sufficient that we should simply relinquish possession of the papers evidencing the security, but must execute and sign a "release of mortgage," as it is called, which the debtor—mortgagor—sends to the office of register of deeds and has recorded. This shows a discharge of the obligation and that the property is no longer encumbered with the mortgage.

REMAINDER MAN—The beneficiary under a will to whom the estate passes after the death of an intermediate party, for the life-tenant who enjoys the income from said estate throughout life.

RENEWAL ACCOUNT—To cover any expenses that may be incurred in the renewal of leasehold property, and to provide in such renewal for any increase in original value to be paid in securing new premises upon the falling in of any old lease, or for any similar purpose.

RENEWAL FUND—A special fund providing for renewal when necessary of some depreciating asset, as with a railroad for replacing rails or ties.

REPAIR AND RENEWAL ACCOUNT—A repair and renewal account is an account kept to show the amount of expenditures made from time to time for repairing and renewing plants and machinery to keep them in

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a state of working capacity, and the balance at the end of the period is closed into the profit and loss account.

REPRESENTATIVE ACCOUNT—See *American Association Year Book*, 1909, page 176.

RESERVE FOR BAD AND DOUBTFUL ACCOUNTS—To provide for any further loss beyond the actual amount written off or for any unexpected loss such as might arise by the suspension of payment of a firm which had been considered perfectly safe.

RESERVE FUND—See *American Association Year Book*, 1909, page 176.

RESERVED FUND—See *American Association Year Book*, 1909, page 177.

RETIRED OR HONORED—Paid at the time agreed upon or at maturity.

REVENUE ACCOUNT—See *American Association Year Book*, 1909, page 177.

REVENUE BONDS—A temporary debt created for the purpose of raising funds for current expenses, and in anticipation of the collection of taxes. Such a debt, however, is usually in the form of a note.

REVENUE EXPENDITURES—See *American Association Year Book*, 1909, page 177.

REVENUE RECEIPTS—See *American Association Year Book*, 1909, page 177.

RIGHT OF WAY—Right of way is a valuable asset to railroads and owners of realty.

ROYALTY—A charge made by the owner of patent or other vested rights for their use by others.

RUNNING ACCOUNT—A running account is an itemized account wherein all items of transactions are reported in the order of their dates.

SALARY—Compensation allowed for clerical or administration labor.

SALE—A sale is a contract whereby certain specified goods have been offered and accepted.

SALES BOOK OR SALES JOURNAL—The book in which the sales are entered.

SALES LEDGER—The sales ledger contains accounts with the concern's debtors.

SALES RETURNS—An account offsetting the gross sales account representing goods which have been sold and returned.

SALVAGE—In marine insurance reward sanctioned by law for services in saving property or life at sea. In credit insurance the amount received from an insolvent debtor or one who has only partly liquidated his debt. In fire insurance sometimes used to represent values saved or only partly destroyed in a conflagration.

SCHEDULE—A list setting forth detailed information supporting any item or items in an exhibit.

SCRIP DIVIDEND—Sometimes corporations wish to declare a dividend in some form other than cash, or declare what is known as a "stock dividend," and to that end may issue what substantially amount to "due bills," carrying no voting power, but generally at some later date convertible into stock; but no dividends would be declared upon the same until conversion had taken place, although they might bear interest in the meantime.

SECOND CONSOLIDATED MORTGAGE BONDS—An issue secured by a mortgage

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- subsequent to one "consolidated mortgage" already covering the property, and to all other prior mortgages.
- SECOND MORTGAGE**—A mortgage placed upon property which already has another mortgage existing upon it.
- SECOND MORTGAGE BOND**—A bond secured by a mortgage upon a property which already has one other mortgage existing upon it and which mortgage would have prior claim upon the property and its earnings.
- SECONDARY INCOME**—That income which is derived from operations not comprehended by the principal business in which the organization is engaged.
- SECRET RESERVES**—Values in excess of those indicated by balance sheet.
- SECURED ACCOUNT**—An account receivable secured by lien on goods sold or by collateral.
- SECURED CREDITOR**—One who has certain property as security for the entire or partial satisfaction of his debt.
- SECURED DEBT**—An account payable, or a promissory note, secured by lien on goods, machinery or equipment purchased, or by collateral.
- SECURITIES**—All forms of investments; stocks, bonds, mortgages, etc., of every kind; the written or printed papers that represent the ownership of corporations, or the lender's evidence of the borrower's indebtedness.
- SECURITIES COMPANIES**—These are "holding companies," corporations formed to hold the shares of other companies.
- SECURITY INSURANCE**—A method of guaranteeing the interest or principal, or both, of a security—bonds, mortgages, etc. If the company is satisfied with the risk, and the insured with the premium asked, it will guarantee the latter against loss from non-payment of the security in question.
- SEGREGATE**—Set apart.
- SELLING EXPENSE**—See *American Association Year Book*, 1909, page 178.
- SERIAL BONDS**—An issue of bonds payable in instalments.
- SHARE CAPITAL**—Share capital is a general term applied to both preferred and common stock, conveying the idea of proprietary interest in the business with its attendant liability, as distinct from loan capital.
- SHARE JOURNAL**—The share journal is a book in which are entered a record showing from whom the shares have been transferred, the number of shares transferred, the date, and the name of the transferee.
- SHOP COST**—Cost of manufactured article up to point of leaving the shop. (This is not to be confused with "factory expense," "overhead" or "factory burden.")
- SHOP ESTABLISHMENT CHARGES**—The expenditure incurred in the different departments or shops is called shop establishment charges.
- SHORT (STOCK BROKERAGE)**—By "short" is meant the act of a speculator having sold stocks which he does not possess in anticipation of a decline.
- SILENT PARTNER**—One not actively engaged in a business, and who is not generally known to be interested.

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- SIMPLE INTEREST**—Interest upon the principal sum only.
- SINGLE ENTRY**—See *American Association Year Book*, 1909, page 178.
- SINGLE NAME PAPER**—A note for which a single individual, firm, or corporation is responsible for payment; a note bearing but one signature and without indorsers.
- SINKING FUND**—See *American Association Year Book*, 1909, page 178.
- SINKING FUND MORTGAGE**—A mortgage securing a bond redeemable by a sinking fund would be so termed.
- SLOW ASSETS**—Property which cannot be readily converted into money; property which is not salable at the time, but which may be during some future period.
- SOLE PROPRIETORSHIP**—A business organization in which the proprietorship is vested in an individual.
- SOLVENT**—Having financial resources sufficient to pay all debts as they severally become due.
- SPECIAL ASSESSMENT BONDS**—Bonds for which a special district, or section, of a city is taxed to meet interest and principal; the city as a whole not being held for their payment, the idea being that the section improved by the expenditure of the proceeds of the bond sale should be responsible for the payment of the bonds.
- SPECIAL DEPOSIT**—A deposit of money with a bank or trustee to be used only for a specified purpose.
- SPECIAL INDORSEMENT**—One which specifies the person or the order to whom payment shall thereafter be made, and which calls for the indorsement of the party to whom it was made payable before it can be further negotiated.
- SPECIAL ORDER SYSTEM**—A system of cost by which all costs are chargeable to a specific order number.
- SPECIAL PARTNER**—A partner in a firm whose liability is legally limited to the amount of capital contributed by him.
- SPECULATIVE ASSETS**—Consisting of stocks or other securities of corporations whose business is purely speculative.
- STANDARD STOCKS (OR STANDARD INVESTMENTS)**—Well known securities, of established reputation, in which confidence is felt as to the future payment of interest or dividends, and of the principal, if redeemable; stocks which are sought as conservative investments.
- STANDING ORDER**—A permanent instruction from the executive head to perform certain duties as required and charge them to specific accounts.
- STATE BONDS**—An obligation in the form of a bond issued by a state, the payment of which must be accomplished through the collection of taxes assessed upon the taxable property embraced within its corporate limits.
- STATED ACCOUNT**—A stated account is one which has been accepted as correct by the party against whom it states a balance.
- STATEMENT OF ACCOUNT**—A written or typewritten memorandum, showing the balance due from debtor with items making up same. Customarily mailed monthly to debtors.

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- STATEMENT OF AFFAIRS**—A statement of affairs is an exhibit of the assets and the liabilities of an insolvent debtor, so arranged as to show on one side all the assets of the concern with the amounts they are expected to realize extended into another column, and on the other side all the concern's gross liabilities with the amount expected to rank carried into a separate column.
- STATEMENT OF ASSETS AND LIABILITIES**—A statement of affairs prepared of a solvent concern, where the books are kept by a single entry, is best designed as a "statement of assets and liabilities."
- STATEMENT OF INCOME AND PROFIT AND LOSS**—A statement which sets forth the financial operations of a business organization, for a given period, comprehensively grouped about the divisions of organization and connecting the financial condition of the organization at the end of the period with that at the end of the next preceding period.
- STATEMENT OF REALIZATION AND LIQUIDATION**—A financial statement which shows in parallel columns, respectively, concerning the assets and liabilities arranged in report form, the amount per the books; the amounts unrealized; the amounts to be accounted for; the loss and gain incident to realization and liquidation; the assets realized; the liabilities liquidated; the cash resulting and to be turned over.
- STATEMENT OF RECEIPTS AND DISBURSEMENTS**—A statement arranged in report form showing respectively with regard to cash, the balance at the beginning of a period, the classified receipts and disbursements during the period and the balance remaining at the end of the period.
- STATEMENT OF RECEIPTS AND PAYMENTS**—A statement of receipts and payments is a summarized cash account and states the amounts of money actually received and disbursed during the period to which it relates without regard to whether the same are earnings or expenses exclusively appertaining to that period or include items so appertaining to the period preceding. It starts with the cash balance at the commencement of the period which it covers and concludes with the cash balance at the close thereof.
- STATISTICAL ACCOUNT**—An account kept for the purpose of exhibiting certain statistical results pertaining to the financial transactions of an organization but not necessarily a part of the regular classification of accounts.
- STOCK**—The property of any corporation is divided into various parts or shares called "stock."
- STOCK BONUS**—A gift of stock offered as an incentive for the purchase of stock or other contribution to the funds of a corporation.
- STOCK CERTIFICATE**—A certificate issued to a shareholder of a corporation to show the number of shares of which the holder is the owner.
- STOCK CERTIFICATE BOOK**—A stock certificate book contains certificates in printed form with attached stubs, both of which are filled out before shares are issued.
- STOCK COMPANY**—A corporation, the ownership of which is represented by shares of stock.

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STOCK DIVIDEND—A distribution of the profit or surplus of a corporation in the form of capital stock.

STOCK IN TRADE—The stock of merchandise or property in which a business concern deals.

STOCK LEDGER—A book which contains accounts with the share or stockholders of a corporation, and which shows the number of shares issued to each stockholder, the particulars as to transfers of shares and the balance of shares held.

STOCK TRANSFER—The operation whereby the change in ownership of capital stock is recorded in the stock books of the company which issues such stock.

STOCKHOLDER'S EQUITY—The valuation of the shareholder's investment based upon the net assets accruing to each class of shareholder as indicated on the books of the company issuing the share; the equity being usually stated on a percentage or per share basis.

STOCK TAKING—Stock-taking is an examination of goods on hand for the purpose of finding their value and incorporating the same into a concern's accounts.

STREET IMPROVEMENT BONDS—As a rule bonds of this class are secured by a special tax levy upon the property abutting upon the street or in the special district improved; the entire city not being responsible for their payment.

STRIKE A BALANCE—To "strike a balance" is to balance an account, thus determining to which party money is due, if any, and the amount.

STUB—Books with detachable leaves, such as books of stock certificates and the like, are arranged in a manner similar to cheque books, and have stubs in printed form. In general "stub" refers to that part which is retained in a book from which leaves are detached.

SUBSCRIPTION ACCOUNT—For capital stock subscriptions.

SUBSCRIPTION BOOK—The subscription book contains all names and addresses of parties who have agreed to take shares, together with the number of shares subscribed for, the amount allotted, and the amount paid on each.

SUBSIDIARY COMPANY—A company of which the capital stock is owned by another company, to which it is therefore subsidiary.

SUBSIDIARY LEDGER—A ledger for which there is a controlling account in another ledger.

SUMMARY ACCOUNT—An account into which a number of detail accounts are closed for the purpose of showing a general result.

SUNDRY ASSETS—Miscellaneous property which has not been placed under some definite heading; which has not been classified.

SUNDRY LOSSES—An account to which should be charged losses (other than bad debts) appertaining to the trading or business of prior years.

SUPPLIES—See *American Association Year Book*, 1911, page 119.

SUPPLIES FOR OPERATIONS—Materials and supplies purchased and held for future operations of the business and not offered for sale.

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- SURETY**—A guaranty or security against loss, or for the carrying out of some agreed promise or act.
- SURPLUS**—See *American Association Year Book*, 1909, page 179; 1911, page 124.
- SURPLUS FUND**—See *American Association Year Book*, 1909, page 179.
- SURPLUS, OLD**—This is the surplus reserve, taking the government deposits into consideration.
- SURPLUS RESERVE**—Cash; *i. e.*, lawful money, held by national banks in excess of the "reserve" requirements.
- SURRENDER VALUE**—The "surrender value" of an insurance policy is what the company agrees to pay to the holder of the policy upon surrender of the same.
- SUSPENSE ACCOUNT**—See *American Association Year Book*, 1909, page 180.
- SUSPENSION**—A temporary delay in meeting payments on the part of a concern perfectly solvent, but which, owing to a financial crisis or some unusual existing condition, may not be able to get its resources in shape to meet demands for a brief time.
- SYNDICATE**—A group of men, bankers, or any combination of the same, who combine their mutual interests for the purchase or control of certain properties or securities. The members of the syndicate are generally bound by what is called "syndicate agreement"; in other words, a written instrument to carry out the terms of the agreement, signed by the parties.
- SYSTEM CORPORATIONS**—Separate corporations, especially public service corporations using certain plant or construction in common for production purposes.
- TANGIBLE ASSETS**—Property which one may possess himself of, such as real estate, machinery, etc. Good will would not be considered a "tangible asset."
- TANGIBLE VALUES**—The direct and indirect cost of physical property, as cost of purchase of equipment, labor and material used to install, with all legal, office, rent and other expenses incurred incidental and necessary to installing.
- TAXES**—Levies by the government for the purpose of raising funds for current expenses.
- TAX RELIEF BOND**—Bonds issued in anticipation of payment of taxes.
- TEMPORARY RECEIPTS**—Corporations issuing bonds or other securities may wish to obtain money from the sale of the same before the actual securities are ready for delivery. "Temporary receipts" are frequently issued at such times to the purchasers, to be exchanged later for the securities themselves.
- TONTINE INSURANCE**—A life insurance contract which provides that all payments made by the insured and all accrued profits shall be forfeited and the contract terminated upon the non-payment of any premium when due.
- TRADE DISCOUNT**—See *American Association Year Book*, 1909, page 180.

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TRADE LIABILITIES—Liabilities incurred for loans, purchases and expenses in the conduct of a business, as opposed to liability to stock and bond holders.

TRADING ACCOUNT—See *American Association Year Book*, 1909, page 180.

TRADING PROFIT—The excess of sales over the purchase price of the goods sold.

TRANSFER BOOK—A book in which are recorded transfers of shares of stock, showing a change of ownership.

TRAVELING EXPENSE—The expense of representatives of a business organization traveling in the interest of the organization.

TREASURER—A custodian of funds.

TREASURY STOCK—See *American Association Year Book*, 1909, page 181.

TRIAL BALANCE—See *American Association Year Book*, 1909, page 182.

TRUE DISCOUNT—"True discount" differs from "bank discount," the former being the sum of money which, if invested at the same rate at which the note or obligation is discounted, would amount to the "bank discount" rate at the time the obligation matures; in other words, allowance is made for the investment of the interest, deducted or paid in advance, for the time of the obligation.

TRUST COMPANY—A corporation chartered under state laws and not amenable to government control, as in the case of national banks.

TRUST COMPANY RECEIPTS—When a corporation is undergoing reorganization, or when, for any purpose, the deposit of outstanding securities is asked for, a trust company may act as custodian for the same, and issue its receipts, which may be traded in upon the stock exchange or used in the form of any other negotiable instrument, as, for all practical purposes, they represent the original securities.

TRUST DEED—The written or printed instrument which conveys the title of property to some party to be held in trust for others.

TRUST ESTATE—An estate whose legal possession and benefits are vested in one or more persons, the actual possession and management of it, however, being intrusted to another party or parties—sometimes called "trustee," or "trustees."

TRUST FUNDS—Money which, under specific conditions, is placed in the hands of an individual, several individuals, trust company, etc., to be cared for and managed accordingly.

TRUST RECEIPT—A receipt for imports under letter of credit in which the receiver agrees to act as trustee for the bank.

A receipt given by an importing house to a banking house on account of goods imported but against which the "bill of exchange" has not matured and so has not been paid. This gives the importing house the possession but not the title of the goods.

TRUSTEE—Trustees are persons having charge of property of some other person, usually appointed by a court and bound by the terms of the trust over which they have been appointed.

TURNOVER—See *American Association Year Book*, 1909, page 182.

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- TUTOR AND TUTRIX**—Appointed as executors and administrators under the laws of Louisiana.
- UNASSENTED**—"Unassented" securities are those the owners of which have not agreed to some change in their status.
- UNDERLYING COMPANIES**—Corporations whose capital stock is held or controlled by another corporation.
- UNDISTRIBUTED EXPENSE**—Expenses chargeable to operation but under captions not determined.
- UNDIVIDED PROFITS**—Earnings or profits which have not been divided among the partners in a firm or the stockholders in a corporation.
- UNEXPIRED INSURANCE**—That portion of the insurance premiums paid, representing the insurance not yet used.
- UNFUNDED**—Indebtedness not funded.
- UNISSUED STOCK**—The excess of capital authorized over the capital allotted for cash or other consideration.
- UNPRODUCTIVE CAPITAL**—That portion which is wood land and therefore not a producer; as such lands are cleared they are brought in as productive capital.
- UNPRODUCTIVE LABOR**—See definition under "Indirect Labor."
- UNSECURED CREDITOR**—One who has no legal claim upon certain specified property for the satisfaction of his debt.
- UP-KEEP**—A term used in real estate accounts to keep buildings in condition for renting.
- VENDORS**—Persons from whom purchases are made—usually, the persons from whom a corporation takes over its original assets.
- VENDORS' LIEN**—Granted by law on property sold to secure deferred payments.
- VENTURE ACCOUNT**—Venture account, or, as it is sometimes termed, "adventure account," is a title frequently applied to specific shipments on consignment when made the subject of separate accounts.
- VOUCHER**—See *American Association Year Book*, 1909, page 182.
- VOUCHER DISTRIBUTION**—A columnar-ruled book of account in which may be distributed the amount of vouchers, so divided or allotted to separate accounts that the totals of columns (usually monthly aggregates) may be posted to ledger in one amount instead of individually.
- VOUCHER SYSTEM**—The voucher system is the treatment of creditors' accounts in such a way as to obviate the necessity of keeping the individual accounts, thus greatly curtailing the labor of posting and yet at the same time greatly facilitating the analysis of expenditures under their classified headings.
- WAGE HOUR**—A basis for the distribution of labor. As a unit it constitutes the wage of one operative one hour.
- WAGES**—(1) Compensation allowed for manual labor. (2) That share of production which is assigned to labor.
- WASTING ASSETS**—See *American Association Year Book*, 1909, page 161.
- WATERED STOCK**—See *American Association Year Book*, 1909, page 182.

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WEAR AND TEAR—That decrease in the value of an asset which results from its active use.

WORKING ACCOUNT—An account sometimes found in financial reports of cotton mills in which the manufacturing, trading and profit and loss accounts are combined.

WORK IN PROCESS—Goods in active process of manufacture.

WORKING CAPITAL—See *American Association Year Book*, 1909, page 183.

WORKING EXPENSES—This is another term for "operating expenses."

WORKS LEDGER—The subsidiary book in which is recorded in detail the cost of producing or manufacturing goods for sale.

YEAR NOTE—A note or written agreement to pay money at the expiration of one year from its date.

Report of the Committee on Budget

TO THE BOARD OF TRUSTEES OF THE AMERICAN ASSOCIATION OF PUBLIC ACCOUNTANTS:

GENTLEMEN—Your committee on budget submits herewith its estimates of revenue and expenditure for the fiscal year ending August 31, 1914:

	<i>Estimated Expenditure for fiscal year ending August 31, 1914</i>	
Stationery and printing.....	\$ 650.00	
Postage, express, telegrams, etc.....	200.00	
Secretarial expenses.....	2,500.00	
Annual meeting.....	400.00	
Chamber of Commerce of U. S. A.....	30.00	
Secretary's salary.....	5,000.00	\$8,780.00
<hr/>		
Committees:		
Legislation	\$ 100.00	
Executive	250.00	
Education	150.00	
Federal legislation.....	300.00	\$ 800.00
<hr/>		<hr/>
		\$9,580.00
Estimated revenue on basis of present membership..	\$5,150.00	
Guarantee fund.....	4,400.00	
New members, say 50.....	250.00	\$9,800.00
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Respectfully submitted,

CHARLES HECHT,
AMOS D. ALBEE,

For the Committee on Budget.

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Report of Committee on Constitution and By-Laws

July 16, 1913.

MR. ROBERT H. MONTGOMERY, *President*,

The American Association of Public Accountants,
55 Liberty Street, New York City:

DEAR SIR—The committee on by-laws for the year 1912-13 has the honor to submit herewith its recommendations for changes in the constitution and by-laws of the association, all in accordance with the instructions conveyed at the annual meeting in Chicago, September last, and the meeting of the trustees in New York City, April last, in consonance with article VII of the constitution.

Yours very truly,

JOHN A. COOPER, *Chairman*,
CARL H. NAU.

CONSTITUTION.

Article II, Section 2, Paragraph (b).

Strike out entirely.

Article II, Section 5.

Second line, commencing with the word "and," to the fourth line ending with the word "effect"—strike out.

Also same section, tenth line, commencing with the word "provided," to the eleventh line ending with the word "effect"—strike out. Make semi-colon after the word "article."

Article II, Section 8.

Strike out the first two lines down to the word "Trustees."

Article II, Sections 9, 10 and 11.

Strike out entirely.

(Change consecutive numbers accordingly.)

BY-LAWS.

Article I, Section 10.

Last line, strike out the word "all," and insert after the word "Trustees" the words "in meeting assembled."

Article V, Section 3.

Following the words "August 31" in the second line, add "when the approval thereof shall have been received in writing from 90 per cent. of the total fellow-membership of this association."

On the fourth line of said section, change the figures "\$5.00" to "\$7.50."

On the fifth line of said section, change the figures "\$5.00" to "\$10.00."

On the sixth line of said section, change the figures "\$2.50" to "\$5.00," and add "and it shall be optional for each state society to increase its dues on each class of membership by \$2.00 for each member, in consideration for which THE JOURNAL OF ACCOUNTANCY shall be distributed, without additional expense, to each member of each society so acting."

Reports of Committees

Article VI.

Change the caption to read,

"Precepts of Professional Conduct."

Before the enumerated rules as shown, insert in italicized type the following:

"(a) A profession is an employment requiring a learned education, a vocation in which a professed knowledge of some department of science or learning is used by its practical application to the affairs of others in advising, guiding or teaching them or in serving their interests or welfare in the practice of an art founded on it. Professed attainments and special knowledge as distinguished from mere skill; practical dealing with affairs as distinguished from mere study or investigation; the application of such knowledge to use for others as a vocation as distinguished from its pursuit for its own purposes."

"(b) Professional conduct necessarily implies honorable conduct and unprofessional—dishonorable."

"(c) Public policy requires that certain occupations must be subject to legislative control, due to the special scholarly and moral qualifications required of a practitioner and the injurious consequences likely to result from a lack thereof."

"(d) The study of the sciences of higher accounting, finance and industrial economics and the practical application of such acquired knowledge as a life career as such services may be demanded must be regarded as the practice of a profession."

"(e) Every practitioner should aid in guarding the profession against the admission to the profession of candidates unfitted or unqualified because deficient in either education or moral stamina."

"(f) A practitioner cannot offer his services for sale or vaunt his own abilities without violating the canons of good taste and professional ethics. No one invested with the dignity and prestige implied by such intimate relations with clients should be permitted to degrade it by mere cupidity. A wholesome regard for such dignity forbids an accountant advertising his talents or skill as a merchant does his wares."

"(g) It is undignified and unethical to advertise or practise under an actual or fictitious corporate name."

"(h) An accountant should not speak slightly or disparagingly of his profession, or pander to unjust prejudice on the part of the laity; and should scrupulously refrain from inciting or fostering such prejudice as a reflection upon a brother accountant."

Article VI, Rule 1.

Add "nor shall he practise under an impersonal designation or corporate title."

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Article VI, Rule 2.

Add "nor shall he accept directly or indirectly from the laity any such commission or brokerage for professional or commercial business turned over to others as an incident of his service to clients; nor perform accountancy work payment for which is contingent upon the result of litigated or arbitrated issues."

Article VII, Section 1.

Fifth line, strike out "(c) fails to pay its dues," and following the word "or" make "(d)" "(c)."

Article VII, Section 2.

Tenth line, strike out from the words "or if" to the end of the section.

Number these two sections respectively 2 and 3, and insert a new section No. 1, as follows:

"A state or district society or any member-at-large failing to pay the annual dues, or any subscription, assessment, or other sum owing by them to the association, within five months after such debt has become due shall automatically cease to be a member of this association."

Substitute Amendment No. 1

COMMITTEE ON BY-LAWS.

Article V, Section 3.

Fifth line, after the word "fellow" add "in professional practice either on his own behalf, as a member of a firm, or as a senior or managing accountant in service, \$10.00."

Following this line, insert "By each society-fellow not in practice, \$7.50."

Substitute Amendment No. 2

Article V, Section 3.

To remain as at present, and insert preceding Section 4, "In addition to the foregoing each member being a certified public accountant in professional practice, either as an individual, member of a firm, or a senior accountant in service, shall pay an annual certificate fee of \$5.00, which is due and payable through the respective state societies, and for which the secretary shall issue a duly inscribed receipt."

Committee on Constitution and By-Laws—Minority Report

SEPTEMBER 2, 1913.

R. H. MONTGOMERY, ESQ., *President*,

The American Association of Public Accountants,
55 Liberty Street, New York City:

DEAR SIR—Referring to the report of the majority of the committee

Reports of Committees

on by-laws for the year 1912-1913, I have the honor to endorse all of the additions and changes proposed, except as to—

1. The additions suggested for Article VI under the heading of "Precepts of Professional Conduct," and comprising paragraphs A to H, inclusive. I may say that I am not satisfied as to the desirability of incorporating these precepts in the by-laws of the association, and beg leave to dissent from the majority of the committee on this feature.
2. The proposed addition to Article VI, Rule 1, which, in my opinion, should not be adopted.

In view of this difference of opinion between the other members of the committee and myself, I take the liberty of submitting this minority report.

Your very truly,

R. O. BERGER,

Member of Committee on Constitution and By-laws.

Report of the Committee on Credentials

TO THE AMERICAN ASSOCIATION OF PUBLIC ACCOUNTANTS:

GENTLEMEN: The Committee on Credentials reports that the total number of society fellows represented and voting is 805.

State societies not represented are Alabama and Montana.

The following statement contains the number of votes for state societies:

<i>State Society</i>	<i>Votes</i>	<i>State Society</i>	<i>Votes</i>
ALABAMA	—	MISSOURI	35
CALIFORNIA	55	MONTANA	—
COLORADO	25	NEW JERSEY	42
CONNECTICUT	14	NEW YORK	216
GEORGIA	6	OHIO	41
ILLINOIS	70	OREGON	12
KENTUCKY	10	PENNSYLVANIA	67
LOUISIANA	15	RHODE ISLAND	5
MARYLAND	23	TENNESSEE	26
MASSACHUSETTS	56	TEXAS	17
MICHIGAN	21	VIRGINIA	18
MINNESOTA	9	WASHINGTON	12
		WISCONSIN	10

The committee recognizes the following proxies given by fellows-at-large:

Fellows-at-large voting by proxy:

THEO. COCHEU, JR.,
HIRAM E. DECKER,

F. W. LAFRENTZ,
ROBERT R. BROWN,

MAX TEICHMAN.

W. SANDERS DAVIES	}	Committee
J. S. M. GOODLOE		
J. W. FERNLEY		

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Report of Committee on Education

August 14, 1913.

TO THE TRUSTEES OF THE AMERICAN ASSOCIATION OF PUBLIC ACCOUNTANTS,
55 Liberty Street, New York City.

GENTLEMEN: We take great pleasure in transmitting herewith report of your Committee on Education.

Respectfully yours,

J. B. GEIJSBEEK, *Chairman*.

WALDRON H. RAND,

B. D. KRIBBEN.

INTRODUCTION

Your Chairman during the Fall of 1912, soon after the appointment of the Committee, visited its members at Boston, St. Paul and St. Louis. It was then agreed to divide the work so that each would be in full charge of his share of the investigations.

Division of the work was deemed necessary because the Trustees of the American Association, at the September meeting in Chicago, had added to this Committee the work of investigating the conditions under which the various C. P. A. boards operated, and to tabulate their activities looking to the establishment of uniformity in the C. P. A. examinations in the various states. With this object in view the work was divided as follows:

First: Mr. Rand, of Boston, took upon himself to collect data in regard to educational matters to be obtained from members of the Association.

Second: Mr. Freeman, of St. Paul, was to continue the statistical work in regard to schools of commerce of the various universities as a continuation of your Committee's report of last year.

Third: Mr. Kribben, of St. Louis, consented to perform the additional work put upon the Committee in connection with the state C. P. A. examining boards.

Fourth: Mr. Geijsbeek, of Denver, your Chairman, was delegated to direct the work of the various members and to cast the results into a report.

The above arrangement has been faithfully carried out by the various members of the Committee with the exception that your Committee with great sorrow has to report the passing of Mr. Freeman to "that undiscovered country from whose bourn no traveller returns." His demise has resulted in the loss of most of his work, on account of his protracted illness. The Chairman, however, has taken up the work as Mr. Freeman had left it and gives herewith, to the best of his ability, the result of this interrupted portion of the work.

Your Chairman has decided to give the report as each of the members of the Committee has prepared it for his own work, so that the credit for the work may be given to the member responsible for it, a plan unlike

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that of last year when the individual members, Messrs. Nau, Rand and Temple, did not receive the credit due them, but, through their courtesies, transferred the honors to the Chairman of the Committee. As the chairmanship has remained the same, a recurrence of the misplacement of the honors is not desired, inasmuch as the former and also the present members of the Committee labored as hard as the Chairman.

In conclusion, the Chairman desires to thank Messrs. Rand and Kribben most heartily for the excellent assistance given the Chairman, and, especially, for their hard work and loyalty.

RESUMÉ OF REPORTS

As to the results of Mr. Rand's work, but seven per cent. of our membership seems to be interested in educational matters. Those seem to agree that Economics should be taught and included in C. P. A. examinations. The subjects of study suggested range from Elementary Bookkeeping to Military Training. The lack of interest shown by the members makes Mr. Rand's report and work very important and valuable.

As to Mr. Kribben's work, it proved to be exceedingly hard to impress the State Boards with the value of the new undertaking in their behalf.

The Committee, however, is happy to report that arrangements have been entered into whereby some of the Central Western States have agreed to give the same examination questions at the same time in these various states, which certainly is a greater step forward in the direction of uniformity of C. P. A. examinations than could have been hoped for.

It is the intention of the Committee to publish annually through The Ronald Press Company the results of this part of the Committee's investigation; to keep statistics and data up-to-date, including all the C. P. A. questions of all the states, and to republish the report annually. The State Boards have not appreciated the efforts of the Committee sufficiently to enable its publication this year.

As to the combined work of Mr. Freeman and the Chairman, difficulties similar to those of last year were encountered. The lack of uniformity in the curriculum, statistics and records made it very difficult to tabulate the information obtained. The work of the Committee, however, as will be seen in the report, resulted in aiding in the establishment of schools of commerce in three universities and in the enlarging of the work in a number of others.

On the whole, therefore, while the Committee's work is by no means completed or finished, it has been able to show some results which it is hoped will be termed satisfactory.

THE REPORT OF MR. RAND ON THE OPINIONS OF THE MEMBERS OF THE AMERICAN ASSOCIATION OF PUBLIC ACCOUNTANTS ON THE SUBJECT OF PROFESSIONAL EDUCATION

I am transmitting herewith a report upon some work done for the Committee on Education, American Association.

My object was to obtain from members what they thought should be included in general in the curriculum of a School of Commerce as a branch of the University.

To accomplish this purpose, a circular letter, dated February 12, 1913, was mailed through the Secretary's office of the American Association, to

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each member, and on March 5, 1913, a typewritten letter was forwarded by me to the several secretaries of twenty-four State Societies in a further effort to secure responses. Copies of these communications are enclosed.

We have received but seventy-two replies, which seems a small number when compared with our membership of more than 1,000. The States are represented in these as follows:

Massachusetts	25
New York	13
Missouri	7
Colorado	5
Illinois	4
California	4
Ohio	3
New Jersey	2
Washington	2
Louisiana	2
Minnesota	1
Oregon	1
North Carolina	1
Texas	1
Michigan	1

—
72

The limited number of replies I think may be due to three things—a natural hesitancy by the general member to write an opinion under such conditions, his feeling of inability so to do, and the lack of importance attached by him to the communication.

With few exceptions, the generally accepted courses of Theory, Auditing, Commercial Law, and Practical Accounting are approved, and Economics has been about as popular as any branch.

The range of subjects suggested embraces almost everything from Elementary Bookkeeping to Military Training. Exhibit "A" will present this feature of the responses. Not a few advocate the curriculum of some established school like Colorado School of Finance and Accounts. Some express their unpreparedness to answer. One says "every branch of commercial endeavor;" another, "practical knowledge;" and one would "leave it with present Committee on Education." A few questioned the meaning of "Commercial Economics."

In conclusion I believe the labor has not been spent in vain, and, in the establishment here in Boston, by Boston University, of a College of Business Administration, we have been pleased to be assured of such instruction as will be sure to receive the hearty approval of the great majority of those members of the American Association who replied to our circular letters.

COPY OF LETTER TO STATE SOCIETIES

"Dear Sir:

"I am enclosing herewith a copy of a circular letter from the Committee on Education which has been mailed to each member of the American Association.

"The Committee wants to obtain as general a response as possible to these questions.

"Will you be so good as to make an announcement at the next meeting of your State Society requesting your members to send in their replies?"

Reports of Committees

COPY OF LETTER TO ASSOCIATION MEMBERS

"February 12, 1913.

"Dear Sir:

"The Committee on Education of the American Association of Public Accountants requests answers to the following questions, from each member of the Association, to assist in the work of the Committee and to further the interests of Education of Public Accountants.

"(A)—What do you think should be included, in general, in courses of study, by a School of Commerce as a department of the University?

"(B)—Are you of the opinion that other courses than those in Accounting should be included?

"(C)—Do you believe Economics should be prescribed? If yes, what should be the proportion between it and Accounting? (The proportion now stands about half and half.)

"(D)—Do you, or not, feel that it would be a good thing to include in the C. P. A. Examinations the subject of Commercial Economics?

"(E)—Do you favor an attempt to standardize the educational qualifications of applicants for C. P. A. examinations?

"Respectfully yours."

EXHIBIT "A"

The following wide range of subjects was advocated as desirable to be included in the education of a Certified Public Accountant. The subject is first stated followed by the number of those advocating it.

Commercial Law	44
Auditing	43
Theory of Accounts	40
Economics	39
Finance	8
Banking	7
Organization Management	6
Penmanship	5
Commercial Arithmetic	5
Commercial Geography	3
Mathematics	3
Business Administration	2
General History	3

Among other subjects, which might be denominated as representing the scattering vote, are noted:

Business Diplomacy.

Several years good business experience.

Lectures by practical practising accountants.

Industrial Efficiency.

Engineering as it approaches Accounting.

All modern languages, some preferring one, some another.

Accounting Terminology.

Principles of Actuarial Science.

Mathematics of Investments.

Principles of Cost Accounting.

Military Training.

And one wants instruction to be given in every branch of commercial endeavor.

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THE REPORT OF MR. KRIBBEN ON THE EXISTING C. P. A. EXAMINING BOARD CONDITIONS

For the purpose of presenting a convenient abstract of the principal comparable elements of the Statutes of such states as have enacted C. P. A. laws and of the rules adopted by the various State Boards of Accountancy, this Committee has used and presents herewith (with proper permission) the epitome prepared by Mr. Chas. F. McWhorter, of New York, in 1910.

To this have been added the data relating to such states as have passed C. P. A. laws since that date, six in number: Wyoming, Oregon, North Dakota, Tennessee, Delaware and North Carolina. Of these the last five states enacted the law during the winter and spring of 1913, and hence the rules of the Boards thereof have not been adopted or could not be obtained in time for publication in this report.

There have also been added to Mr. McWhorter's report the statutory requirements as to citizenship, number of examinations required to be held, the amount of fees payable for the certificate and the penalties for violation of the law.

As a further exhibit there have been prepared and there are submitted in connection herewith data covering the number of C. P. A. certificates issued by the various State Boards, the number revoked, issued under the waiver and reciprocity clauses of the Statutes, and the number of candidates examined and of those who received the certificate as a result of the examinations.

It is to be regretted that so small a number of the State Boards furnished the information sought with respect to these matters. The request for the information first made in May was repeated in July, with the results shown in the exhibit. However, this Committee hopes that during the coming fiscal year complete data may become available, and it further hopes to be able to give the percentage made by candidates on the various topics concerning which they were examined.

NUMBER OF C. P. A. CERTIFICATES ISSUED SINCE ENACTMENT OF LAW TO JULY, 1913

State	Issued Under						Remarks.
	Total Issued.	No. Revoked.	Waiver Clause.	Reciprocity Clause.	Result Exams.	Applicants Examined.	
Alabama .....	...	...	...	...	...	...	No C. P. A. law
Arizona .....	...	...	...	...	...	...	No C. P. A. law
Arkansas .....	...	...	...	...	...	...	No C. P. A. law
California	106	25	42	...	64	130	.....
Colorado	44	...	26	4	14	35	.....
Connecticut	34	1	28	1	5	9	.....
Delaware .....	...	...	...	...	...	...	No report
Dist. Columbia...	...	...	...	...	...	...	No C. P. A. law
Florida	7	...	5	...	2	6	.....
Georgia	30	...	18	...	12	27	.....
Idaho .....	...	...	...	...	...	...	No C. P. A. law
Illinois	143	...	92	7	44	177	.....
Indiana	No C. P. A. law
Iowa	No C. P. A. law
Kansas	No C. P. A. law
Kentucky	No C. P. A. law
Louisiana	No report

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State.	Issued Under					Applicants Examined.	Remarks.
	Total Issued.	No. Revoked.	Waiver Clause.	Reciprocal Clause.	Result Exams.		
Maine .....	...	...	...	...	...	...	No C. P. A. law
Maryland .....	...	...	...	...	...	...	No report
Massachusetts	110	...	...	...	102	208	.....
Michigan	34	...	...	...	32	42	.....
Minnesota	94	1	*82	...	5	5	{ *Under Waiver & Recip. Clause No C. P. A. law
Mississippi .....	...	...	...	...	...	...
Missouri	87	...	51	24	12	20	.....
Montana	16	...	14	1	1	4	.....
Nebraska .....	...	...	...	...	...	...	No report
Nevada .....	...	...	...	...	...	...	No C. P. A. law
New Hampshire ..	...	...	...	...	...	...	No C. P. A. law
New Jersey	65	...	40	1	24	106	.....
New Mexico .....	...	...	...	...	...	...	No C. P. A. law
New York .....	...	...	...	...	...	...	No report
North Carolina ..	...	...	...	...	...	...	No report
North Dakota .....	...	...	...	...	...	...	No report
Ohio	128	...	53	65	10	24	.....
Oklahoma .....	...	...	...	...	...	...	No C. P. A. law
Oregon .....	...	...	...	...	...	...	No report
Pennsylvania .....	...	...	...	...	...	...	No report
Rhode Island	23	...	16	5	2	7	.....
South Carolina ...	...	...	...	...	...	...	No C. P. A. law
South Dakota .....	...	...	...	...	...	...	No C. P. A. law
Tennessee	45	...	45	...	...	...	.....
Texas .....	...	...	...	...	...	...	No C. P. A. law
Utah .....	...	...	...	...	...	...	No report
Vermont .....	...	...	...	...	...	...	No C. P. A. law
Virginia	25	...	18	...	7	27	.....
Washington	54	...	27	...	27	59	.....
West Virginia ....	...	...	...	...	...	...	No report
Wisconsin .....	...	...	...	...	...	...	No report
Wyoming .....	...	...	...	...	...	...	No report

The above is fairly representative with the exception that the two largest states, New York and Pennsylvania, have remained silent to the Committee's urgent requests.

The following comparative abstracts of the various State Laws and Rules of the Boards of Accountancy of the several states were prepared by Mr. Chas. F. McWhorter, of New York, and cover those laws and rules which were in effect in December, 1910.

The Committee has added thereto and included therein the following:

1. The laws enacted by seven states since 1910, and the abstract includes all state C. P. A. laws in effect on June 1, 1913.
2. The requirements as to citizenship of all of the states.
3. Amendments to the laws passed since December, 1910.
4. Time of holding examinations.
5. Fees payable for C. P. A. certificates and continuances thereof.
6. Penalties for violation of the law.

COMPARATIVE DATA
OF CERTIFIED PUBLIC ACCOUNTANT

Collated by Charles F. McWhorter, Chairman of Committee on Regents' Rules, New York
those states which passed C. P. A.

State and date of law.	PREREQUISITES		PROFESSIONAL REQUISITES.	
	Educational.	Physical.	Nature of examination and hours allowed each subject.	Experience.
ALABAMA	No. C. P. A. Law.			
ARIZONA	No. C. P. A. Law.			
ARKANSAS	No. C. P. A. Law.			
CALIFORNIA.. March 23, 1901.	(R) None.	(S) Residing and doing business in State, and must be citizen of U. S. or have declared inten- tion of becoming such.	(S) Practical Account- ing. (R) 9. (S) Theory of Accounts. (R) 3. (S) Auditing. (R) 3. (S) Commercial Law. (R) 3. (R) 75% required in each subject.	(A) At discretion of Board. (S) No Statute.
COLORADO ... March 27, 1907.	(S) High School gradu- ate or an equivalent education.	(R) Residence in State one year and (S) Must be citizen of U. S. or have declared intention of becoming such.	(R) Commercial Arith- metic. (S) Practical Accounting. (S) Theoretical Account- ing. (S) Commercial Law. (S) Such other subjects as the Board may deem advisable. (R) Auditing. (R) 75% required in each subject. (R) Each subject aver- age about three hours, but is varied as circum- stances require.	(S) Three years' practical experience. (R) Last year must be in State. (R) Three years in School of Accounts and Finance equal to two years' practice.
CONNECTICUT July 11, 1907.	(S) Graduate of a High School with four years' course, or, at discretion of Board, an equivalent education.	(S) Must reside or have place of business within State, and be a citizen of the U. S.	(S) Theory of Accounts. (S) Practical Accounting. (S) Auditing. (S) Commercial Law. (R) Six sessions of 3½ hours each. (R) Candidates should be prepared in several subjects, as stated in Circular of Information pages 5 to 8. (R) 75% required in each subject.	(S) Regularly employed as a bookkeeper two years, or had such train- ing and experience in Public Accounting as the Board shall prescribe. (R) Two years' exper- ience in the office of a Practicing Accountant, one year of which may be in practice on his own account.
DELAWARE ... March 31, 1913.	(S) Discretion of Board.	(S) Must be citizen of U. S. and reside or have place for transacting business in Delaware.	(S) Theory of Accounts. (S) Practical Accounting. (S) Auditing. (S) Commercial Law. (S) Other subjects at op- tion of Board.	(S) Must have been practicing as Public Ac- countant on own account, or in employ of Public Accountant, three years. Must pass educational examination three years before passing C. P. A. examination.

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REGARDING ISSUANCE CERTIFICATES BY THE SEVERAL STATES

State Society of Certified Public Accountants, and amended by adding thereto
Laws up to July, 1913.

Age.	WAIVER CLAUSE. Conditions.	RECIPROCITY. Conditions.	Examinations held. Statute.	Fees. Statute.	Penalty for viola- tion of law. Statute.
(S) 21	(S) Three years' practice in State on own account prior to March, 1901, if applied for within one year after law is in effect. (42 Certificates issued under this Clause which ceased to operate in April, 1902.)	(R) None. (S) None.	At least twice in each year.	\$25.00 and \$1.00 per year thereafter.	Misdemeanor.
(S) 21	(S) Three years' practice, next prior to September, 1907, last year of which must be in State, if applied for before six months after law is in effect. (26 Certificates issued under this Clause, which ceased to operate in October, 1907.)	(S) With any State or Foreign Nation at discretion of Board, provided that such other State or Nation extend similar privilege.	At least once in each year.	\$25.00.	Fine from \$50.00 to \$200.00.
(S) 21	(S) Two years' instruction in office of, or by, a Public Accountant, and in active practice one year in State, prior to October, 1907, if applied for within three months after law is in effect. (28 Certificates issued under this Clause, which ceased to operate in October, 1907.)	(S) Five years' experience as a Public Accountant, one year in State, and holding a Certificate from another State, provided that such other State reciprocate.	At pleasure of Board.	\$10.00.	Fine not exceeding \$500.00.
(S) 21	(S) If applied for in six months after passage of Act and has had two years' experience in Delaware practicing on own account.	(S) To holders of C. P. A. and C. A. Certificates, provided standard is as high as Delaware.	(S) At least once a year.	(S) \$25.00.	Fine of \$100.00 to \$500.00 or 1 to 6 months in jail or both fine and imprisonment.

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State and date	PREREQUISITES		PROFESSIONAL REQUISITES.	
	Educational.	Physical.	Nature of examination and hours allowed each subject.	Experience.
FLORIDA June 5, 1905.	(S) Graduate of a High School with four years' course, or an equivalent education.	(S) Resident of State. Citizenship not required by Statute.	(S) Theory of Accounts. (R) 4. (S) Practical Accounting. (R) 8. (S) Auditing. (R) 4. (S) Commercial Law. (R) 4. (R) Marking of examination papers—correct answers 50 points; general appearance 25 points; expression and technique 25 points; 85 points in all four subjects required.	(S) No Statute. (R) One year in the office of a Practicing Accountant, or one year's practical experience satisfactory to the Board.
GEORGIA August 17, 1908.	(R) None.	(S) Resident of State and a citizen of U. S.	(S) Theory of Accounts. (S) Practical Accounting. (S) Auditing. (S) Commercial Law. (S) Commercial Arithmetic. (R) Time approximately two days. (R) 75% required in each subject.	(S) No Statute. (R) At discretion of Board.
IDAHO	No C. P. A. Law.			
ILLINOIS May 15, 1903.	(S) Graduate of a High School with four years' course, or an equivalent education.	(S) Residence, office or branch office in State. Must be citizen of U. S., or have declared intention of becoming such.	(S) Theory of Accounts. (R) 3. (S) Practical Accounting. (R) 6. (S) Auditing. (R) 3. (S) Commercial Law. (R) 3. (R) 75% required in each subject.	(S) None. (R) None.
INDIANA IOWA KANSAS KENTUCKY ...	No C. P. A. Law. No C. P. A. Law. No C. P. A. Law. No C. P. A. Law.			
LOUISIANA ... July 2, 1908, and July 11, 1912.	(S) No Statute. (R) High School course of study, or the equivalent.	(S) Resident of State and must be citizen of U. S.	(S) Theory of Accounts. (R) 3½. (S) Practical Accounting. (R) 3½. (S) Auditing. (R) 3½. (S) Commercial Law. (R) 3½. And such other branches of knowledge as the Board may deem necessary to maintain the highest standard of proficiency of the profession. (R) Marking of examination papers—correct answers 50 points; general appearance 25 points; expression and technique 25 points; 70 points required to each subject.	(S) No Statute. (R) One year in office of Public Accountant, or one year's practical experience satisfactory to the Board.
MAINE	No C. P. A. Law.			

Reports of Committees

Age.	WAIVER CLAUSE. Conditions.	RECIPROCITY. Conditions.	Examinations held. Statute.	Fees. Statute.	Penalty for viola- tion of law. Statute.
(S) 21	(S) Three years' practice in State on own account prior to June, 1905, if application is made within one year after law is in effect. (5 Certificates issued under this Clause, which ceased to operate during June, 1906.)	(S) Holders of Certificates of other States may be registered, provided that such other State reciprocates.	At least once in each year.	\$25.00.	Fine not exceeding \$200.00, or 6 months in jail.
(S) 21	(S) Three years in Georgia or a sister State as a Public Accountant, prior to August, 1908, if application is made 90 days after law is in effect. (18 Certificates issued under this Clause, which ceased to operate during November, 1908.)	(S) None.	May and November each year.	\$25.00.	Fine from \$200.00 to \$500.00.
(S) 21	(S) Five years' experience, last year in State prior to May, 1903, if application is made before May 15, 1904. (98 Certificates issued under this Clause, which ceased to operate during May, 1904.)	(S) Five years' practice outside of State prior to May 15, 1903, and have passed an examination equivalent, in the opinion of the University, to the examination of this State.	At least once in each year.	\$25.00.	Fine not to exceed \$200.00.
(S) 21	(S) Five years actively employed as an Accountant or Bookkeeper. (164 Certificates issued under this Clause, which ceased to operate during September, 1908.) No time limit within which to apply.	(S) Holders of Certificates of other States may be registered, provided that such other States reciprocate.	At least twice in each year.	\$25.00.	Fine not less than \$100.00, or 3 months in jail.

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State and date of law.	PREREQUISITES		PROFESSIONAL REQUISITES.	
	Educational.	Physical.	Nature of examination and hours allowed each subject.	Experience.
MARYLAND ... April 10, 1900.	(S) None. (R) None.	(S) Residence or place of business in State; must be a citizen of U. S., or have declared intention of becoming such.	(S) Discretionary with Board. (R) Practical Accounting. (R) 6. (R) Theory of Accounts. (R) 2½. (R) Auditing. (R) 2. (R) Commercial Law. (R) 2½. (R) Commercial Arithmetic. (R) 2. (R) 75% required in each subject.	(S) No Statute. (R) None.
MASSACHUSETTS..... May 17, 1909. March 22, 1910.	(S) None. (R) Discretionary with Board.	(S) Resident of State and citizenship of U. S.	(S) None. (R) Theory of Accounts. (R) 4½. (R) Auditing. (R) 3½. (R) Commercial Law. (R) 4½. (R) Practical Accounting. (R) 6. (R) 75% required in each subject.	(S) No Statute. (R) Discretionary with examiners.
MICHIGAN May 4, 1905.	(S) None. (R) High School.	(S) Residence or place of business in State. (S) Citizenship not required.	(S) Theory of Accounts. (S) Practical Accounting. (S) Auditing. (S) Commercial Law. (R) 75% required in each subject. (R) Time allowed at discretion of Board.	(S) No Statute. (R) Two years' continuous practical experience in public accounting immediately preceding date of application.
MINNESOTA .. April 22, 1909.	(R) High School course, or its equivalent. (S) Discretion of Board.	(R) Residence in State at least one year. (S) Must be a citizen or have declared intention to become such.	(S) Accounting. (S) Auditing. (S) Commercial Law and such other subjects as the Board may deem advisable. (R) Time allowed approximately two days. (R) 75% required in each subject.	(S) Three years' employment in the office of a Public Accountant, or on his own account. (R) The last year of which must be in State.
MISSISSIPPI...	No C. P. A. Law.			
MISSOURI August 15, 1909.	(S) Graduate of a High School with a four years' course; or having had an equivalent education, or passed an examination to be set by the Board.	(S) Place of business in State. (S) Must be a citizen of U. S. or have declared intention to become such.	(S) Theory of Accounts. (R) 3. (S) Practical Accounting. (R) 6½. (S) Auditing. (R) 3. (S) Commercial Law. (R) 3. (R) 75% required in each subject.	(S) Three years' practical experience. (R) Two years' practical experience in office of C. P. A.

Reports of Committees

Age.	WAIVER CLAUSE. Conditions.	RECIPROCITY. Conditions.	Examinations held. Statute.	Fees. Statute.	Penalty for viola- tion of law. Statute.
(S) 21	(S) Practicing in State on own account at time Act was passed, if application is made in one year after law is in effect. (25 Certificates issued under this Clause, which ceased to operate during 1901.)	(S) None. (R) None.	At least once in each year.	Sufficient to cover ex- penses.	Fine \$50.00 to \$200.00, or not exceeding 6 months in jail.
(S) 21	(S) Discretion of Bank Examiner. (No Certificates issued under this Clause, except to the first examiners.)	(R) None.	At discretion of Bank Examiner.	\$25.00 and \$5.00 per year.	Fine not exceeding \$500.00, or not exceeding 6 months in jail.
(S) 21	(S) One year's practice as Public Accountant prior to May, 1905, application to be made before 1906. (No Certificates issued under this Clause, which ceased to operate during December, 1906.)	(S) Holders of Certificates of other States may be registered, provided that such other States reciprocate.	Twice in each year.	\$25.00.	Fine of \$100.00 to \$500.00, or not exceeding 6 months in jail.
(S) 21	(S) Three consecutive years' practice on his own account, prior to April, 1909, and if applied for before six months after law is in effect. (60 Certificates issued under this Clause, which ceased to operate during October, 1909.)	(S) Holders of Certificates of other States may be registered provided that such other States reciprocate, and further provided the requirements of said degree in the State which granted it are, in the opinion of the Board, equivalent to this State. Certificates are also issued to the holder of a degree of Chartered Accountant or the equivalent thereof, issued in any foreign Government, provided the requirements are equal to those of this State.	At least once a year.	\$25.00.	Gross misdemeanor.
(S) 25	(S) Three years on own account, one of which in State; or who has been employed by Accounting firms for five years, one of which shall be in State prior to June, 1909, and if applied for in six months after August 15, 1909. (64 Certificates issued under this Clause, which ceased to operate during February, 1910.)	(S) Holders of Certificates of other States may be registered, provided that such other States reciprocate, and that the standard of qualifications is as high as in this State.	At least once in each year.	\$35.00.	Fine \$100.00 to \$1,000.00, and not less than 3 months nor more than 1 year in jail, or both fine and imprisonment.

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State and date of law.	PREREQUISITES		PROFESSIONAL REQUISITES.	
	Educational.	Physical.	Nature of examination and hours allowed each subject.	Experience.
MONTANA February 27, 1909.	(S) Graduate of a High School or an equivalent education.	(S) Residence or place of business in State. (S) Must be a citizen of U. S., or have declared intention to become such.	(S) Theory of Accounts. (R) 3. (S) Practical Accounting. (R) 3. (S) Auditing. (R) 3. (S) Commercial Law. (R) 3. And such other subjects as the Board may designate. (R) Oral examination of sufficient scope, thoroughness and severity to test and to determine the fitness of the examinee. (R) 5. (R) 75% required in each subject.	(S) Three years on his own account or in the office of a Public Accountant, or in a responsible accounting position in the employ of a business corporation, firm or individual.
NEBRASKA April 3, 1909.	(None decided upon.) (S) None.	(S) Residence or regular place of business in State; must be a citizen of U. S., or have declared intention to become such.	(S) Subjects and questions as furnished by the National Association of C. P. A. (No such organization.) (Percentage required not decided upon.) (Time allowance not decided upon.)	(None decided upon.) (S) No Statute.
NEVADA	No C. P. A. Law.			
NEW HAMPSHIRE...	No C. P. A. Law.			
NEW JERSEY. April 5, 1904.	(S) Discretionary with Board. (R) High School course, or its equivalent.	(S) None. (R) Residence in State one year. (S) Must be citizen of U. S.	(S) Discretionary with Board. (R) Theory of Accounts. (R) Practical Accounting. (R) Auditing. (R) Commercial Law. (R) Time—three consecutive days of eight hours each. (R) Marking of papers—correct answers 75 points; appearance and expression 25 points; average of 75 points required.	(S) Discretionary with Board. (R) Two years in office of Practicing Accountant, or on his own account.
NEW MEXICO..	No C. P. A. Law.			
NEW YORK.... April 17, 1896.	(S) Discretion of Regents. (R) Graduate of a registered High School, or have an educational equivalent. Regents will accept as equivalent a Certificate of having completed successfully at least one full year's course of study in the Collegiate Department of any College or University registered by the Regents as maintaining a satisfactory standard; or the Regents' 60-point qualifying Certificate. (See hand-book No. 3 and the new Syllabus.)	(S) Residence or place of business in State. Must be citizen of U. S. or have declared intention to become such.	(S) Discretion of Regents. (R) Theory of Accounts. (R) 3. (R) Practical Accounting. (R) 6. (R) Auditing. (R) 3. (R) Commercial Law. (R) 3. (R) 75% required in each subject.	(S) No Statute. (R) Three years, one of which shall have been in the office of an Expert Accountant.

Reports of Committees

Age.	WAIVER CLAUSE. Conditions.	RECIPROCITY. Conditions.	Examinations held. Statute.	Fees. Statute.	Penalty for viola- tion of law. Statute.
(S) 21	(S) Three years' experience in the practice of Public Accountant in this State, at least 25 years of age, and whose qualifications are in every respect equal to those assumed and applied by the successful passing of the examinations for applicants, and if applied for in 180 days after passage of Act. (14 Certificates issued under this Clause, which ceased to operate during August, 1909.)	(S) Holders of Certificates of other States may be registered, provided that such other States reciprocate, and further provided the requirements of said degree in the State which granted it are, in the opinion of the Board, equivalent to this State. Certificates are also issued to the holder of a degree of Chartered Accountant, or the equivalent thereof issued in any foreign Government, provided the requirements are equivalent to those of this State.	At least once in each year.	\$25.00.	Fine from \$100.00 to \$500.00 and from 1 to 6 months in jail.
(S) 21	(S) Upon passage of Act the members in good standing of the Nebraska State Association of Public Accountants shall receive Certificates. (14 Certificates issued under this Clause, which ceased to operate during April, 1909.)	(None decided upon.) (S) None.	At least once in each year.	Sufficient to cover expenses.	Fine \$50.00 to \$200.00, not over 6 months in jail.
(S) 21	(S) Three years' practical experience prior to April, 1904, if application be made in one year after passage of Act. (43 Certificates issued under this Clause, which ceased to operate during April, 1905.)	(S) Resident holders of Certificates of other States may be registered, provided that such other States reciprocate.	Twice a year.	\$25.00.	Fine \$50.00 to \$500.00 and not less than 1 month in jail.
(R) 25 (S) 21	(S) One year's practice on his own account prior to April, 1896, and if application is made in one year after passage of law. (176 Certificates issued under this Clause, which ceased to operate during December, 1901.)	(R) None. (S) Holders of Certificates of other States may be registered in the discretion of the Regents of the University, but must possess the qualifications required by the Regents' rules.	No Statute.	Sufficient to cover expenses.	Misdemeanor.

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State and date of law.	PREREQUISITES		PROFESSIONAL REQUISITES.	
	Educational.	Physical.	Nature of examination and hours allowed each subject.	Experience.
NORTH CAROLINA..... March 12, 1913.	(S) Graduate of High School, or have similar education.	(S) Must be a citizen of U. S., or have declared intention of becoming such.	(S) Theoretical Accounting. (S) Practical Accounting. (S) Auditing. (S) Commercial Law. (S) Other subjects in discretion of Board.	(S) Three years' experience in accounting.
NORTH DAKOTA..... March 14, 1913.	(S) No Statute.	(S) Any one resident or doing business in North Dakota.	(S) Theory of Accounts. (S) Practical Accounting. (S) Crediting. (S) Political Economy. (S) Commercial Law. And such other subjects as University of North Dakota may designate; oral examination may be required.	(S) No Statute.
OHIO May 9, 1908.	(S) Graduate of High School or an equivalent education.	(R) None. (S) Must be a citizen of U. S., or have declared intention to become such.	(S) Theory of Accounts. (S) Practical Accounting. (S) Auditing. (S) Commercial Law. (R) Approximately two days. (R) 75% required in each subject.	(S) Three years' practical experience.
OKLAHOMA ..	No C. P. A. Law.			
OREGON 1913.	(S) No Statute.	(S) Must be citizen of U. S., or have declared intention of becoming such, and reside or have an office in Oregon.	(S) Theory of Accounts. (S) Practical Accounting. (S) Auditing. (S) Commercial Law.	(S) No Statute.
PENNSYLVANIA..... March 29, 1899.	(S) None. (R) General education equivalent to a High School course of recognized standing, or pass an examination in the subjects found in the High School Curriculum. Also pass a satisfactory examination in History of Accountancy and Elementary principles of Accounts.*	(S) Must be a citizen of U. S. (S) Residing or having an office in State. (R) Preliminary and final examinations are held, except that where an applicant is at least 30 years of age and in practice on his own account for a period of not less than three years, the preliminary examination may be waived at the discretion of the Board.	(S) Commercial Law. (R) 8. (S) "General Accounting." (R) 24. (R) ("General Accounting" including Practical Accounting, Auditing and Theory of Accounts.) (R) 75 points required in each subject. (For important detail of subjects see Circular of Information, pages 5 to 9.)	(S) No Statute. (R) Certificate of a C. P. A. as called for under "Educational Prerequisites" Column.

*Also must present Certificate from a C. P. A. that he has spent not less than an average of 30 hours a week during not less than 45 weeks, during each of the two years last passed in bona fide accounting work or study in his office, or shall file a Certificate from a C. P. A. stating that he has satisfactorily performed the duties required of him, and he shall also exhibit a Certificate or diploma from a School of Accountancy showing that he has passed the examinations required in a course of not less than eight hours per week during three school years of at least 36 weeks each.

Reports of Committees

Age.	WAIVER CLAUSE. Conditions.	RECIPROCITY. Conditions.	Examinations held. Statute.	Fees. Statute.	Penalty for viola- tion of law. Statute.
(S) 21	(S) If has been practicing as a Public Accountant three years, and for the last six months in North Carolina, and if applies within 90 days after organization of Board.	(S) To holders of C. P. A. and C. A. Certificates of States and nations granting similar privileges and having a standard equivalent to that of North Carolina.	(S) At least once a year.	\$25.00.	Fine \$50.00 to \$200.00.
(S) 21	(S) If applied for in one year and has practiced as Public Accountant one year.	(S) No Statute.	(S) At least once a year.	Fixed by University.	Misdemeanor.
(S) 21	(S) Three years' practice prior to November, 1908, if application is filed in six months after passage of law. (45 Certificates issued under this Clause, which ceased to operate during November, 1908.)	(S) Holders of Certificates of other States may be registered, provided that such other States reciprocate, and further provided the requirements of said degree in the State which granted it are, in the opinion of the Board, equivalent to this State. Certificates are also issued to the holder of a degree of Chartered Accountant, or the equivalent thereof, issued in any foreign government provided the requirements equal those of this State.	At least annually, and if three apply within five months.	\$25.00 and \$5.00 per year.	Fine \$10.00 to \$100.00.
(S) 21	(S) If applies within 60 days after passage of Act, or has had one year's practice on own account in Oregon before passage of Act, or two years' practice on own account or with reputable Accountants elsewhere.	(S) To holders of C. P. A. Certificates of other States granting similar privileges and having equivalent requirements.	(S) At least once in each year.	\$25.00 and \$1.00 per year.	Fine of not over \$200.00 and not over 6 months in jail.
(S) 21	(S) Three years' practice prior to March, 1899, if applied for within one year after law is in effect. (No Certificates issued under this Clause, which ceased to operate during March, 1900, except to first examiners.)	(S) None. (R) At discretion of Board.	May and November each year at Philadelphia, Harrisburg and Pittsburgh.	\$25.00.	Fine not over \$500.00.

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State and date of law.	PREREQUISITES		PROFESSIONAL REQUISITES.	
	Educational.	Physical.	Nature of examination and hours allowed each subject.	Experience.
RHODE ISLAND..... April 20, 1906.	(S) None.	(S) Regular place of business in State. (S) Must be citizen of U. S., or declared intention to become such.	(S) Theory of Accounts. (R) 3. (S) Practical Accounting. (R) 3. (S) Auditing. (R) 3. (S) Commercial Law. (R) 3. And such other subjects as the Board may determine. (R) General average of 75% required.	(S) No Statute. (R) None.
SOUTH CAROLINA.....	No C. P. A. Law.			
SOUTH DAKOTA.....	No C. P. A. Law.			
TENNESSEE .. 1913.	(S) Education equivalent to graduation from highest High School in state.	(S) Must be citizen of U. S., or have declared intention to become such, and reside or have an office in Tennessee.	(S) Theory of Accounts. (S) Practical Accounting. (S) Auditing. (S) Commercial Law.	(S) Practice on own account one year; or two years in employ of Public Accountants; or three years as head bookkeeper.
TEXAS	No C. P. A. Law.			
UTAH	(S) None. (R) High School.	(S) Residence and place of business in State. (S) Must be citizen of U. S., or have declared intention of becoming such.	(S) Theory of Accounts. (S) Practical Accounting. (S) Auditing. (S) Commercial Law. (R) Two to four hours allowed for each subject. (R) 75% required in each subject.	(S) No Statute. (R) One year's practical experience.
VERMONT	No C. P. A. Law.			
VIRGINIA..... March 14, 1910.	(S) General Educational equivalent to High School course of recognized standing, or pass a preliminary examination in the subjects embraced in such High School Curriculum.	(S) Residing or having office in State, and must be a citizen of U. S., or have declared intention of becoming such.	(S) Theory of Accounts. (S) Practical Accounting. (S) Auditing. (S) Commercial Law. (R) Approximately two days. (R) Markings—maximum 100 points on each subject, of which 75 points based on correctness of answers and 25 points on form, expression and apparent knowledge of the principles involved. (R) 75 points required in each subject.	(S) Practicing on own account one year, or employed by a Public Accountant two years, or employed as a bookkeeper three years.

Reports of Committees

Age.	WAIVER CLAUSE. Conditions.	RECIPROCITY. Conditions.	Examinations held. Statute.	Fees. Statute.	Penalty for viola- tion of law. Statute.
(S) 21	(S) Three years' practice on own account prior to April, 1906, if application is made before October 20, 1906. (15 Certificates issued under this Clause, which ceased to operate during October, 1906.)	(S) Holders of Certificates of other States may be registered, provided that such other States reciprocate.	At least once in each year.	\$25.00 and \$15.00.	Fine \$200.00 to \$500.00 and not over 6 months in jail, or both.
(S) 21	(S) If has been practicing three years as Public Accountant last three months in Tennessee and applies within three months after appointment of Board.	(S) To holders of C. P. A. Certificates of other States granting similar privileges and having equivalent requirements; to holders of C. A. Certificates of foreign countries.	At least once a year in Nashville.	(S) \$25.00.	Fine \$100.00 to \$500.00, or 3 months in jail.
(S) 21	(S) Two years' practice on own account prior to March, 1907, and if applied for within one year after passage of Act. (2 Certificates issued under this Clause, which ceased to operate during March, 1908.)	(S) None. (R) None.	At least once in each year.	\$25.00 and \$5.00 per annum.	Fine not over \$200.00.
(S) 21	(S) One year's practice on own account prior to March, 1910, if applied for within six months after law is in effect. (No Certificates issued under this Clause, which ceased to operate during December, 1910.)	(S) Holders of Certificates of other States may receive Certificates without examination, provided that such other States reciprocate, and further provided the requirements of said degree in the State which granted it are, in the opinion of the Board, equivalent to this State. Certificates are also issued to the holder of a degree of Chartered Accountant or the equivalent thereof issued in any foreign Government, provided the requirements are equivalent to those of this State.	Once or often-er in each year.	\$25.00.	Fine from \$100.00 to \$500.00, or from 1 to 6 months in jail, or both.

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State and date of law.	PREREQUISITES		PROFESSIONAL REQUISITES.	
	Educational.	Physical.	Nature of examination and hours allowed each subject.	Experience.
WASHINGTON March 12, 1903.	(S) None. (R) High School education, or its equivalent.	(S) Resident and doing business in State. (R) Examinations must be written. (S) Must be citizen of U. S., or have declared intention of becoming such.	(S) Theory of Accounts. (R) $\frac{3}{4}$. (S) Practical Accounting. (R) $\frac{7}{8}$. (S) Auditing. (R) $\frac{3}{4}$. (S) Commercial Law. (R) $\frac{3}{4}$. (R) 75% required in each subject. (For further detail of subjects see Circular of Information, pages 7 and 8.)	(S) None. (R) None.
WEST VIRGINIA..... February 15, 1911.	(S) No Statute.	(S) Must be citizen of U. S., having an office in West Virginia.	(S) Theory of Accounts. (S) Practical Accounting. (S) Auditing. (S) Commercial Arithmetic. (S) Bookkeeping. (S) Commercial Law.	(S) No Statute.
WISCONSIN ... May 26, 1913.	(S) No Statute.	(S) Must be citizen of U. S., or have declared intention to become such.	(S) Commercial Accounting. (S) Governmental Accounting. (S) Auditing. (S) Commercial Law and other subjects deemed necessary by Board.	(S) No Statute.
WYOMING..... February 17, 1911.	(S) Graduate of High School, or have similar education.	(S) Must be citizen of U. S., or have declared intention to become such.	(S) Theoretical Accounting. (S) Practical Accounting. (S) Commercial Law. (S) And such subjects as Board may deem advisable.	(S) Three years in Accounting.

NOTES: (S) Indicates that it is a Statutory provision.

(R) Indicates that it is a permanent or temporary ruling of the Board or authorities in control of examination conditions as authorized by Statute of the respective State.

Circulars of Information as noted may be obtained from the authorities having charge of examinations in the respective States.

Reports of Committees

Age.	WAIVER CLAUSE. Conditions.	RECIPROCITY. Conditions.	Examinations held. Statute.	Fees. Statute.	Penalty for viola- tion of law. Statute.
(S) 25	(S) One year resident of State prior to March, 1903, if application is filed within one year after law is in effect. (27 Certificates issued under this Clause, which ceased to operate during June, 1904.)	(S) None. (R) None.	Twice a year.	\$25.00.	Fine not over \$100.00.
(S) 21	(S) If applied for in three months after passage of Act to any one who has been a Public Accountant for three years.	(S) No Statute.	(S) Twice a year, in May and November.	(S) \$25.00.	Fine not over \$500.00.
(S) 23	(S) If applied for in six months after appointment of first Board and has had more than three years' experience as a Public Accountant, one of which must be in Wisconsin.	(S) To holders of Certificates of other States and foreign countries, provided the other States and have requirements equivalent to those of Wisconsin.	(S) At least once a year.	(S) \$25.00.	Fine \$50.00 to \$200.00, or jail 1 to 6 months, or both fine and imprisonment for practicing without license. Fine \$100.00 to \$1,000.00, or jail 3 months to 1 year, or both, for falsifying a report.
(S) 21	(S) If application is filed within six months after organization of Board and has practiced three years, last year in Wyoming.	(S) To any citizen of U. S. or to any one having declared intention of becoming such and holding a C. P. A. Certificate of another State, territory or foreign nation having requirements substantially equivalent to this State.	(S) When Board deems necessary.	(S) \$25.00.	Fine \$50.00 to \$200.00.

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THE REPORT OF MESSRS. FREEMAN & GEIJSBEEK ON SCHOOLS OF COMMERCE IN AMERICAN UNIVERSITIES

The report of your Committee, published under date of September 2, 1912, was given a far better reception than the Committee had hoped for. The report was widely quoted throughout the press of this and foreign countries, with the result that inquiries and correspondence of this Committee, and additional copies of the report, have gone to the most remote parts of the world—China, Japan, Italy, England, Canada, Spain, France, Germany, Austria, Belgium, Greece, and Australia. One of these enthusiastic foreigners honored your Chairman by addressing him in English as "The President of the National Bookkeepers Union of the United States of America."

These communications have developed that America, with its commercial education through its schools of commerce in universities, is far ahead of any other commercial country. At the same time, it would appear that America is far behind in number and quality of commercial public and private schools for preparatory purposes. The Committee, therefore, feels that it should continue its work of annually collecting and preparing data showing the growth of this work, and thus assist in the present awakening to the need for vocational training in high schools, in which training the national government is now interesting itself.

Just recently the Department of the Interior, through the Bureau of Education at Washington, has sent to the various schools of commerce of the universities an inquiry blank containing, in part, similar questions to those propounded to these institutions by this committee three years ago.

The Committee is glad to note on the inquiry blank that the result of these answers will be used in a bulletin prepared by Dr. Joseph F. Johnson, Dean of the New York University School of Commerce.

It further developed that, while the information heretofore obtained was valuable, it was not sufficiently accurate nor comprehensive to meet all demands. With this in view, the various universities having specific departments of commerce, accounts and finance, and those giving courses in accounting and commerce in their curriculum, were again addressed, asked to criticize the Committee's report of last year and requested to furnish corrected and additional data, with the result that difficulties were met similar to last year's, namely, that it is extremely difficult to tabulate for comparison the existing conditions, on account of the lack of uniformity in matters appertaining to these institutions, their instruction, their courses and their records.

In the hope, however, that by the continuation of the publication of such lack of uniformity, greater uniformity may be obtained in future, the Committee has again tabulated some of the data in a schedule hereto attached (pages 256 and 257). It will be noticed that it contains considerably more information than last year.

The Committee is glad to report that the Universities of Nebraska, Boston and Georgia, as also the Georgia School of Technology, have decided to open specific departments of commerce, accounts and finance connected with their institutions. This makes the list of undergraduate schools, undergraduate courses and graduate schools as follows:

UNDERGRADUATE SCHOOLS

The 14 institutions claiming to have specific departments of commerce, accounts and finance are:

- | | |
|--------------------------------|--------------------------------|
| 1—Boston University, | 8—University of California, |
| 2—Georgia School of Technology | 9—University of Denver, |
| 3—Columbia University, | 10—University of Georgia, |
| 4—New York University, | 11—University of Illinois, |
| 5—Northwestern University, | 12—University of Nebraska, |
| 6—Oregon Agricultural College | 13—University of Pennsylvania, |
| 7—St. Louis University, | 14—University of Pittsburgh. |

Reports of Committees

UNDERGRADUATE COURSES

The 10 institutions giving courses in accounting and commerce in their curriculum are:

- | | |
|--------------------------------|-------------------------------|
| 1—Cornell University, | 6—University of Minnesota, |
| 2—George Washington University | 7—University of Ohio, |
| 3—Millikin University, | 8—University of South Dakota, |
| 4—Radcliffe College, | 9—University of Wisconsin, |
| 5—Simmons College, | 10—University of Wyoming. |

GRADUATE SCHOOLS

- 1—Amos Tuck School of Administration and Finance of Dartmouth College.
- 2—Graduate School of Business Administration of Harvard University.

In addition to the above, it should be mentioned that the George Washington University abolished its college of political science, which included some instruction in accounting; but we are credibly informed that it is now fairly certain that the Georgetown University of Washington, D. C., will start a school of government and finance in which will be offered instruction in finance and accounting in a more elaborate manner than has ever been given by a university in Washington.

From the schedule attached, it will be noted that there is a large increase in the attendance in the various schools, but we regret to report that some universities are unable to give attendance totals properly classified and, therefore, our list is neither correct nor complete.

Inquiries have developed that there seems to be a tendency in the management of this class of schools to designate their students as freshmen, sophomores, juniors or seniors in accordance with the number of hours of credit they have taken in the various courses; thus it is somewhat difficult to designate exactly the increased enrollment of one year over another.

While the Committee was unable to obtain complete data from resident university schools and correspondence schools as to attendance, and from the C. P. A. boards as to the number of candidates applying and the number passing the examinations, a fair relative estimate can be made in this connection.

It must be understood, however, that there is no relation between the enrollment of a given year, the graduates and the successful C. P. A. candidates of that same year. However, the law of averages and statistics obtainable for previous years makes the available figures fairly reliable for abstract deductions which will furnish an estimate to give the observer a proper perspective of the real results.

Of the total number of students entering resident university schools of this class, about twenty per cent. graduate. If we add to the attendance of resident university schools the enrollment of the leading correspondence courses and other reliable resident C. P. A. coaching courses, we come to the conclusion that only about one per cent. of all these students succeed in obtaining a C. P. A. degree. From this, it may be judged that the education now furnished by the institutions mentioned in the preceding sentence does not seem to stimulate its graduates to any perceptible degree either in the passing of the C. P. A. examinations or even in trying for the same.

While there are no tabulated data at hand, the Chairman of the Committee feels that, through his five years' connection with schools of commerce of the university grade, and his attendance upon the various conventions of instructors in accounting and economic subjects in these schools, he is able—at least to a greater extent than a good many of the

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other members of our Association—to analyze the reason for this small percentage of increase in the ranks of C. P. A. It is his conviction that this is due to five reasons:

First: A great many of the students do not attend these schools with the object in view of becoming public accountants, and we may safely estimate this portion at 75% at least. This shows that the courses given in these schools are broader than merely instruction in accounting subjects—as has been pointed out in our report of last year.

Second: That all of the C. P. A. laws in the United States require from one to three years' practical experience as a public accountant in addition to the academic training furnished by these institutions, with the addition, of course, that these institutions do not aim or profess to provide practical experience. The reports from C. P. A. Examining Boards would indicate that nearly all failures to pass the C. P. A. examinations are due to lack of practical experience.

Third: That the students drawn to these courses are mostly employees with a more than fair earning capacity and with one or more persons dependent upon them. Therefore, at the period of graduation they are usually unable to permit a very considerable and material reduction in their income and social standing in order to obtain the needed practical experience, such as the graduates of schools of law, medicine and engineering have to accept for a number of years. This condition may ultimately result in adjusting the present difficulties whereby students in these courses will be of a lower average age, accept the course as an academic training only and get their experience along the natural road of hard knocks at little or no pay at a time when they can afford such conditions.

Fourth: That the preliminary educational qualifications, as furnished by most of the preparatory schools, either private or public, giving commercial instruction, are inadequate to the extent of having become a fraud and an imposition upon the American public.

Fifth: That most of the university schools of commerce are under the control and supervision of the economic departments of the universities, and as such are controlled (with the exception of a few of them) by the trustees and faculties of the universities who have charge, and always have had charge, of institutions aiming at cultural education, and are, therefore, too narrow (commercially considered) to permit the commercialization of their "liberal arts," and thus not willing to inculcate into their views or acts any practical commercial ideas. Neither can they see any mental discipline in non-theoretical studies. They are, therefore, unable to recognize the high compensation practical professional men, such as attorneys and certified public accountants, office, business and factory managers receive in the business world, and to refuse to pay to such practical men, for the teaching of commercial subjects in their commercial institutions, sufficient compensation to warrant capable men devoting their time in their institutions.

These cultural and technically trained college professors and trustees are so narrow on this subject that they even refuse to put a man in the proper place on their faculties simply because he does not have the required handles in the form of high-sounding college degrees. The result of this is that, instead of aiming to teach in these institutions as much of the practical as possible, they must keep as far away from teaching the practical as they can in order to cover their ignorance of the practical commercial conditions and requirements of this country. There are, however, a few notable exceptions to this.

The Chairman attended the convention of the Western Economic Society in October, 1912, at Chicago, and the convention in Boston of the American Economic Association, and there carefully observed and found the existence of the conditions just described. They were so formidable

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and appalling that your Chairman (who is a practising public accountant and at the same time the dean of one of these schools with the required college degree handles) found himself so isolated among these learned men that he might just as well have been in a foreign country among people whose customs and language he did not understand. Especially was this true of the convention at Chicago. No more selected gathering of capable, noble and great souls could have come together for the purpose of discussing commercial education in universities in which your Committee is interested—yet all the talks during the entire convention hinged upon and brought to the fore their inability to teach the commercial subject as the commercial men of the country want it taught, for the simple reason, as they complained, that they could not get interested with them the very commercial men who complained of the results shown by these schools, thus putting at their command the needed practical material; whereas, it is your Chairman's personal experience that this difficulty does not exist if these schools of commerce are conducted by commercial men instead of by cultured economists.

Drawing the conclusion from the present conditions and from the foregoing, it may be summarized by stating that the University Schools of Commerce on an average are in the wrong hands to afford practical training, that practical men, for the reasons stated, do not devote themselves to them, and that, therefore, in time, the student body must adjust itself to this condition in a manner similar to that existing in other professions, or the universities must recognize the ability and necessities of giving practical men standing as instructors in commercial subjects. It is, therefore, the duty of the American Association of Public Accountants to see to it that their members are recognized as factors in the commercial education of the United States.

Your Chairman was instructed by the Board of Trustees to attend the meeting of deans and instructors of commercial subjects in universities called by the Efficiency Society to convene on the second of January, 1913, at Boston. As the expenses of this trip were voted to this Committee, your Chairman attended the meeting at Boston. The meeting was not only a disappointment as far as efficiency was concerned, but it was also a farce as far as getting deans and instructors of commercial subjects in universities together on the subject of efficiency in teaching these subjects, and it was a pleasure to know that the convention at Chicago was such an enormous success in this direction.

It is the opinion of the writer that the work of this Committee in the lines just touched upon should be continued with vim and vigor, as the world-wide interest taken in the work of the Committee has demonstrated the necessity of further investigation in this field. Further, it is felt that continual investigation and the continual shedding of the light of truth on the subject will undoubtedly result in improvements in a direction in which accountants are interested.

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PARTIAL TABULAR COMPARISON

	Boston	California	Columbia	Denver	Georgia
Approximate date of establishment.....	1913	1898	1911	1908	1913
Where located.....	Boston, Mass.	Berkeley, Calif.	New York, N. Y.	Denver, Colo.	Athens, Ga.
Preliminary Education needed for "regular" students desiring to obtain a degree..	High School Graduate	High School Graduate	High School Graduate	High School Graduate	High School Graduate
Length of college course needed for the degree, diploma or certificate.....	4 years	4 years	3 years	3 years	4 years
Day or night classes upon which degree, certificate or diploma is given.....	Night	Day	Night	Night	Day
Night classes given, but they do not lead to a degree.....		In Part			No
Evenings when night courses are in session	Mon., Tues., Thurs. and Friday		Every week-day evening	Mon., Tues., Thurs. and Friday	
Time of lecture hour each evening.....	7 to 9		7.30 to 9.20	5.40 to 7.40	
Name of degree conferred.....	Bachelor of Business Administration.	Bachelor of Science B. S.	Certificate	Bachelor of Commercial Science B. C. S.	Bachelor of Science in Commerce B. S. in C.
Student can complete course in less than required time for degree by taking standing in subjects through special examinations and without attending classes.....	Yes	No	No	Yes	Not Stated
Is course aimed to give a training for C. P. A. examinations?.....	Yes	Yes	Yes	No	No
Does school have a commercial dispensary or laboratory to provide practical experience?	No	No	No	No	No
Approximate tuition for full course.....	\$320	Free to residents	\$255	\$300	Free to residents
Total number of lecture hours for full course	900		900	960	
Total enrollment since establishment.....				123	
Total enrollment for year 1912-1913.....				76	
Number of graduates 1912-1913.....				12	
Total number of professors, instructors, lecturers and assistants without duplication			43	15	
Number of above teaching in other departments of the university.....			9	3	
Number practicing the profession of accountancy			3	8	

The above tabulation is only approximately correct. It contains the only answers which could be reduced to tabulation, and the source may prove not to have been exactly reliable, but it will answer our purpose. In some cases the replies submitted were translated by us into comparable data.

It will be noticed that with the exception of New York, Pennsylvania and California the other ten schools are comparatively new. Some of them have in the last few years completed their first experimental cycle of work, or in other words, have just put forth their first class of graduates. Boston, Georgia, Nebraska and Georgia Tech. have been established during the present year. Most of them aim at the

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Illinois	Nebraska	New York	Northwestern	Oregon Agricultural	Pennsylvania	Pittsburgh	St. Louis
1910	1913	1900	1908	1909	1881	1908	1910
Champaign, Ill.	Lincoln, Nebr.	New York, N. Y.	Chicago, Ill.	Corvallis, Ore.	Philadelphia, Penn.	Pittsburgh, Penn.	St. Louis, Mo.
High School Graduate	One Year College	High School Graduate	High School Graduate	Two years in High School	High School Graduate	High School Graduate	High School Graduate
4 years	3 years	2 years (day) 3 years (night)	3 years and 2 years college	4 years	4 years	4 years	3 years
Day	Day	Day and night	Night	Day	Day and night	Day and night	Night
No				No	Yes	Yes	
		Every week- day evening except Sat.	Every week- day evening except Sat.		Mon. to Thurs. inclusive	Every week- day evening except Sat.	Mon., Wed. and Fri.
		7.45 to 9.45	7 to 9		7.45 to 10	7.45 to 9.45	7.30 to 9.30
Bachelor of Arts in Busi- ness Adminis- tration. A. B. in B. A.	Bachelor of Arts in Com- merce. A. B. in C.	Bachelor of Commercial Science. B. C. S.	Bachelor in Business Ad- ministration. B. in B. A.	Bachelor of Science in Commerce. B. S.	Bachelor of Science in Economics. B. S. in E.	Bachelor of Science in Economics. B. S. in E.	Bachelor of Commercial Science. B. C. S.
No	No	Yes	No	No	Yes	Yes	Not stated
Yes	No	Yes	Yes	Yes	Yes	Yes	Yes
No	No	No	Contemplated	Yes	No	Yes	No
\$150	Free to residents	\$465	\$500	Free to residents	\$640 day \$200 night	\$460 day \$200 night	\$255
	2160	1200 day 900 night		2680		1920 day 1440 night	
		6261		178		97 day	139
		1805	519	103		106 day 280 night	87
		125	9	12		14	10
		56	17	8	51	14	23
		27	11	8	Few	1	5
		14	4	0	5	3	5

preparation for C. P. A. examinations, but none has facilities for providing practical experience which is a pre-requisite of the C. P. A. degree. All require a complete High School graduation with the exception of Oregon Agricultural College which requires only two years High School work, and Nebraska which requires the completion of the first year in College. The difference between the three and four year courses is generally used for additional studies in economics and languages. Pennsylvania, Pittsburgh and California give day and night classes, but do not confer a degree for night work alone. The degree conferred is by no means uniform.

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Report of the Committee on Federal Legislation

TO THE BOARD OF TRUSTEES OF THE AMERICAN ASSOCIATION OF PUBLIC ACCOUNTANTS:

GENTLEMEN—The committee on federal legislation begs to report that its chief activities during the past year have centered at Washington in connection with legislation dealing with income tax. Members of the committee have attended at Washington, have given evidence before the ways and means committee, and had interviews with many influential senators and members of congress. The secretary of the American Association of Public Accountants has also spent much time in Washington in connection with this work.

The main matters to which attention has been directed are as follows:

The Close of the Fiscal Year of Corporations:

When the committee began work it continued the efforts of the former committee in pushing a bill amending the corporation tax act and allowing corporations to close their year at such periods as best suited them. It was found impossible to get this bill through because of the prospect of income tax legislation under the new administration, when the whole matter would be dealt with. Attention was therefore directed last winter to putting the views of the accounting profession before those who were framing the new income tax bill.

The committee has been successful in the income tax bill now before congress in having clauses inserted allowing corporations to close their year at the end of any calendar month and not necessarily at 31st of December of each year. This is an important point, not only for the business community, but for the accounting profession. The committee has not yet been able to get this privilege extended to individuals, who, therefore, if the present arrangement stands, will have to make returns as of 31st December. Even as matters are, however, a great step has been gained. This work could not have been accomplished had it not been for the strong stand taken by this association, helped by accountants all over the country.

Ascertainment of Net Income:

The committee has done much work in having the new income tax bill define "income" on proper accounting lines. In furtherance of this work it drew up and submitted to the committee in Washington a form of income tax which defined income tax in proper accounting terms, and made provisions for obsolescence, depreciation, etc.

The suggestions of the committee were favorably received and in the original draft bill were largely acted on. There have, however, been many amendments added to the bill, and it is at present not as clear and satisfactory in defining net income as accountants would like to see it.

The committee is doing all it can to get improvements inserted wherever possible.

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Federal Recognition of Accountants:

Indirectly much work has been done in Washington towards this end, and members of congress have come to recognize the importance of expert advice on accounting matters. The feeling is much more friendly to the profession, and the committee thinks that the work done will be of service when an opportune time comes for pushing further the recognition by congress of the accounting profession.

Co-operation of Fellow Accountants and Business Organizations:

The committee, recognizing the importance of having the sympathy and co-operation of business organizations throughout the country, actively urged the members of the American Association to join their local business organizations. The response to this has been very favorable and at present, in the committee's opinion, the American Association can rely on the help of business organizations all over the country to push any reasonable measures, whether at Washington or elsewhere.

ARTHUR YOUNG, *Chairman*,
EDWARD E. GORE,
HERBERT M. TEMPLE.

Report of Committee on Journal.

TO THE BOARD OF TRUSTEES OF THE AMERICAN ASSOCIATION OF PUBLIC ACCOUNTANTS:

GENTLEMEN—Your committee on JOURNAL has pleasure in reporting that THE JOURNAL OF ACCOUNTANCY continues to make substantial and gratifying progress both in circulation and in class of contributions received.

The members of the association and general readers of THE JOURNAL are taking a more active interest in its work, and this is shown in the number of letters received dealing with questions which have been raised in the columns of THE JOURNAL.

The financial condition of affairs is more satisfactory than ever before, and there seems reason to believe that THE JOURNAL is now on a permanent paying basis. For the half year ended June 30, 1913, the total income received was as follows:

Subscriptions earned.....	\$3,734.68	
Advertising	794.04	
Sale of bound volumes and loose copies.....	898.46	\$5,427.18

The total cost of production under agreement with the Ronald Press Company amounted to \$4,176.48, leaving a net profit for the six months of \$1,250.70, of which one-half is payable to the Ronald Press Company.

The position of managing editor, which was temporarily created to relieve the burden of editorial duties, has been terminated, and the secretary of the association is carrying on the work.

Valuable assistance is rendered by the Ronald Press Company.

Although the number of articles received is increasing, there is still room for much improvement, and it is hoped that members will make in-

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creasing use of THE JOURNAL as a medium for the exchange of views and the exposition of questions arising from their practice.

It will have been noted that the field covered by THE JOURNAL is somewhat larger, and the articles have dealt with subjects which are not solely of accounting interest. The benefit of this increase of scope is shown in the fact that the subscribers to THE JOURNAL are largely men engaged in banking and general business.

J. E. STERRETT, *Chairman*.

Report of Committee on Membership.

TO THE TRUSTEES OF THE AMERICAN ASSOCIATION OF PUBLIC ACCOUNTANTS:

GENTLEMEN—The committee on membership has considered the applications submitted through the secretary and begs to report as follows:

That favorable action be taken upon the following:

Colorado Society of Certified Public Accountants:

Chester G. Weston, C. P. A., Denver, and Miss Emma Manns, C. P. A., Denver—As society fellows.

Georgia State Association of Public Accountants:

James Furse, C. P. A., Savannah—As a society associate, not having had the practice required for a society fellow.

The Society of Louisiana Certified Public Accountants:

H. M. Holliday, C. P. A., New Orleans—As society fellow.

Maryland Association of Certified Public Accountants of Baltimore City:

Ernest E. Wooden, C. P. A., Baltimore—From associate to society fellow.

Edward Fuller, C. P. A., Baltimore—As society fellow.

E. C. Hendrix, C. P. A., Baltimore—As society associate. (Subject to evidence of practice.)

Montana State Society of Public Accountants:

Wm. B. Finlay, C. P. A., Great Falls—As society fellow. (Subject to evidence of practice.)

Certified Public Accountants of Massachusetts, Inc.:

Horace C. Hartshorn, C. P. A., Boston—As society fellow.

Daniel B. Lewis, C. P. A., Boston—As society fellow.

James P. Francis, C. P. A., New Bedford—As society fellow.

Illinois Society of Certified Public Accountants:

Geo. W. Rossetter, C. P. A. (Ohio), Chicago—As society fellow. (Subject to the consent of the Ohio society.)

Joshua Mendenhall, C. P. A. (Minn.), Chicago—As society fellow. (Subject to the consent of the Minnesota society.)

Minnesota Society of Public Accountants:

Edgar C. Salvesen, C. P. A., Minneapolis—As society fellow.

H. Hamilton Fleming, C. P. A., Winnipeg—As society associate.

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Herbert D. Taylor, C. P. A., Minneapolis—As society associate.
David A. Scott, C. P. A., St. Louis—As society associate. (Subject to the consent of the Missouri society of C. P. A.'s.)

Missouri Society of Certified Public Accountants:

Ernest Boyd, C. P. A., St. Louis; Jeff K. Stone, C. P. A., St. Louis—As society fellows.

New York State Society of Certified Public Accountants:

David E. Boyce, C. P. A., New York; Frederick G. Colley, C. P. A., New York; Peter A. Eckes, C. P. A., New York; Raymond Ives, C. P. A., New York; Robert D. Kesselman, C. P. A., New York; Walter C. MacNeille, C. P. A., New York; John T. Madden, C. P. A., New York; Henry E. Mendes, C. P. A., New York; Charles W. Perry, C. P. A., New York; Richard FitzGerald, C. P. A., New York—As society fellows.

Alexander F. Makay, C. P. A., New York; John H. Schnackenberg, C. P. A., New York—From associates to society fellows.

Justus W. Boies, C. P. A., Portland, Oregon—As society fellow. (Subject to the consent of the Oregon society.)

James F. Hughes, C. P. A., Jersey City, N. J.—As society fellow. (Subject to the consent of the New Jersey society.)

The Society of Certified Public Accountants of the State of New Jersey:

Ira C. Nichols, C. P. A., Paterson—From society associate to society fellow.

Ohio Society of Certified Public Accountants:

G. R. Lamb, C. P. A., Cincinnati—As society fellow.

Oregon State Society of Public Accountants:

Sydney S. Barker, C. P. A., Portland; Geo. Ridout, C. P. A., Portland—As society fellows.

W. D. Whitcomb, C. P. A., Portland—From society associate to society fellow.

Pennsylvania Institute of Certified Public Accountants:

James J. Burns, C. P. A., Philadelphia; Ernest Crowther, C. P. A., Pittsburgh; Ernest H. Dale, C. P. A., Philadelphia; John P. Herr, C. P. A., Philadelphia; Robt. M. Holtzman, C. P. A., Philadelphia; John Hood, Jr., C. P. A., Philadelphia; Gardner W. Kimball, C. P. A., Philadelphia; Walker E. Linvill, C. P. A., Philadelphia; William R. Main, C. P. A., Harrisburg; Roger K. Nevius, C. P. A., Philadelphia; Albra Wadleigh Sharp, C. P. A., Philadelphia; Frank M. Speakman, C. P. A., Philadelphia; E. O. Wunderlich, C. P. A., Philadelphia; R. J. Bennett, C. P. A., Philadelphia; J. C. Scobie, C. P. A., Pittsburgh—As society fellows.

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Tennessee Society of Public Accountants:

The secretary of this society having advised that Wm. H. Jackson of Memphis is not a C. P. A., your committee regrets that it cannot take action on the applications for membership by the Tennessee Society of Public Accountants. See article 2, section 13, of constitution.

Texas State Society of Public Accountants:

This society had a misunderstanding with W. P. Peter of Dallas and discontinued his membership prior to the annual meeting of the American Association of Public Accountants in September, 1912. Consequently he was not returned as a member for the past year. It was later found that the discontinuance of Mr. Peter's membership in the Texas society was erroneous and he was reinstated; the Texas society now includes Mr. Peter's name in its list of members and your committee suggests that on payment of dues for year ended August 31, 1913, Mr. Peter be reinstated, as the Texas society has reversed its action.

California State Society of Certified Public Accountants:

Chas. A. Baskerville, C. P. A., Los Angeles; M. H. Bennett, C. P. A., Los Angeles; Clarence S. Black, C. P. A., Los Angeles; W. F. G. Blackie, C. P. A., Ontario; Reynold E. Blight, C. P. A., Los Angeles; P. J. Dubbell, C. P. A., San Bernardino; O. T. Johnson, C. P. A., Los Angeles; Arthur M. Loomis, C. P. A., Los Angeles; R. L. McCrea, C. P. A., Rialto; Wm. Mackendrick, C. P. A., Los Angeles; Wm. P. Musaus, C. P. A., Los Angeles; W. C. Mushet, C. P. A., Los Angeles; W. J. Palethorpe, C. P. A., Los Angeles; Harry Probert, C. P. A., Los Angeles; E. H. Spencer, C. P. A., Los Angeles; H. Ivor Thomas, C. P. A., Los Angeles; F. F. Hahn, C. P. A., Los Angeles—**As society fellows.**

R. E. Brotherton, C. P. A., San Francisco; Alphonse Sutter, C. P. A., San Francisco—**From society associates to society fellows.**

Virginia Society of Public Accountants, Inc.:

A. T. Henderson, C. P. A., Lynchburg—**From society associate to society fellow.**

That the following resignations be accepted:

John Vaughan, C. P. A., Binghamton—**As a fellow-at-large.**

Ernest A. Duncan, Victoria, B. C.—**As a fellow-at-large.**

Charles Cullen Roberts and John Lychenheim, who are associates-at-large, wish to change their membership to that of fellows-at-large. As to practice they are duly qualified, but are not certified public accountants. The committee would ask the trustees to consider this application so that their action may be taken as a precedent.

The committee wishes to bring to the notice of the trustees the fact that the secretaries of state societies do not always certify the qualification as to practice of members proposed for election and

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consequently it is difficult to act on same; with the suggestion that the trustees pass a resolution requesting the state societies through their secretaries to obtain from each candidate for admission to the American Association of Public Accountants particulars of practice when they cannot personally vouch that they have had three years' practice.

Your committee also calls attention to article 2, section 7, of the constitution, which appears to impose upon state societies an obligation to propose all their members as members of the association either as society fellows or society associates, and suggests that the attention of the several state societies be called to this provision.

Respectfully submitted,

W. SANDERS DAVIES,
CHARLES E. W. HELLERSON, .
F. C. MANVEL,
Committee on Membership.

SUPPLEMENTAL REPORT OF COMMITTEE ON MEMBERSHIP.

BOSTON, September 15, 1913.

TO THE TRUSTEES OF THE AMERICAN ASSOCIATION OF PUBLIC ACCOUNTANTS:

GENTLEMEN—The Association of Certified Public Accountants, Butte, Mont., has applied to be admitted to membership in the American Association of Public Accountants as a society. The Montana State Society of Public Accountants is already a member of the association in good standing, so that, following precedent, your committee cannot recommend favorable action on the application of the Montana State Society of Public Accountants and suggests that the same be referred to the arbitration committee.

W. SANDERS DAVIES,
CHARLES E. W. HELLERSON,
F. C. MANVEL,
Committee on Membership.

SECOND SUPPLEMENTAL REPORT OF COMMITTEE ON MEMBERSHIP.

BOSTON, September 15, 1913.

TO THE TRUSTEES OF THE AMERICAN ASSOCIATION OF PUBLIC ACCOUNTANTS:

GENTLEMEN—Your committee has considered the application of the Tennessee society for the admission of Max C. H. Gaertner, C. P. A., as a society fellow, the application having been made prior to January 1, 1913, and in some manner overlooked by the committee, and recommends that same be favorably acted upon.

W. SANDERS DAVIES,
F. C. MANVEL,
For Committee on Membership.

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Report of Committee on State Legislation

TO THE BOARD OF TRUSTEES OF THE AMERICAN ASSOCIATION OF PUBLIC ACCOUNTANTS:

GENTLEMEN—The committee on state legislation begs to report that during the past year C. P. A. laws have been passed in Delaware, North Carolina, North Dakota, Oregon, Tennessee, West Virginia, Wisconsin and Wyoming. In addition to these states we have learned informally of the reported passage of C. P. A. laws in Nevada, Vermont and Maine, but have not yet been able to confirm such reports, nor have we received copies of the law.

In addition to the passage of new C. P. A. laws in the states named, the C. P. A. law of New York has been amended by adding thereto the following paragraph:

Any citizen of the United States who has practised three years as a certified public accountant in another state under a license or a certificate of his qualifications to so practise, issued by the proper authorities of such state, may upon payment of the regular fee, in the discretion of the regents of the university, receive a certificate to practise as a certified public accountant without an examination. But he must possess the qualifications required by the rules of the regents of the university and must furnish satisfactory evidence of character and qualifications.

The C. P. A. laws adopted in the eight states previously referred to vary very materially in many respects, some of them being excellent—while others are defective in some respects.

All of the recently enacted C. P. A. laws provide that applicants shall be of good moral character, over twenty-one years of age (in Wisconsin, over twenty-three years), and with the exception of North Dakota, require that applicants shall be citizens of the United States or have declared intention of becoming citizens.

Other requirements, briefly summarized, are as follows:

NORTH CAROLINA:

(1) State board of accountancy consists of four members, three to be practising public accountants, and one attorney; (2) applicants must be graduates of a high school, or have an equivalent education; (3) have at least three years' experience in accounting; (4) waiver of examination in favor of applicants possessing all other qualifications who, at time of application, are public accountants (defined as meaning one actively engaged in practice as his principal vocation during the business period of the day), and who have practised as such for at least three years next preceding date of application—the last six months of which shall have been within the state—provided that application be filed within ninety days; (5) waiver of examination and issue of certificate without examination to C. P. A.'s of other states, or equivalent certificate duly authorized by foreign government;

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(6) provided that such other state or nation accords similar privilege to holders of North Carolina certificate.

The North Carolina law is most excellent, and we believe it is one of the best which has, up to this time, been adopted.

DELAWARE:

(1) State board of accountancy consists of three members, all of whom shall be public accountants of at least two years' practice each on his own account within the state; (2) applicants must pass, at least three years prior to date of C. P. A. examination, a preliminary examination (in such subjects as may be prescribed by the board) pertaining to general educational qualifications and fitness as an accountant—subject to waiver of such examination in the discretion of the board if applicant have such education as board deems necessary; (3) applicant must be for at least three years employed as assistant to a public accountant or have been practising individually as a public accountant; (4) waiver of examination in favor of applicants in practice at time of passage of law, and who for more than two consecutive years immediately preceding the passage of the law shall have been practising in the state on their own account as public accountants, provided that applications be filed within six months; (5) waiver of examination and issue of certificate without examination to a C. P. A. of another state, or the holder of an equivalent certificate duly authorized by foreign government; (6) provided that such other state or foreign government accords similar privileges to the holders of Delaware certificates.

WYOMING:

(1) State board of accountancy consists of three members, all of whom shall be practising public accountants; (2) applicants must be graduates of a high school, or have an equivalent education; (3) have had at least three years' experience in the practice of accounting; (4) waiver of examination in favor of applicants who at the time of application are public accountants and have practised as such for at least three years next preceding date of application, the last year of which shall have been within the state of Wyoming, provided that application be filed within six months from date of organization of the board; (5) waiver of examination and issue of certificate to C. P. A. of other states or the holder of an equivalent duly authorized by foreign government; (6) provided that such state or foreign nation accords similar privileges to the holders of Wyoming certificates.

TENNESSEE:

(1) The state board of accountancy consists of five members, all of whom shall be practising public accountants in the state, or senior accountants in the office of public accountants and have practised as such for at least three years next preceding the date of application;

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(2) applicant must have (a) at least one year's practice on his own account as a public accountant or (b) have been continuously employed in the office of a public accountant as an assistant for at least two years, or (c) have been continuously employed as chief or head bookkeeper for at least three years, or (d) submit evidence of academic education or course of studies equivalent to the requirements for graduating from the highest grade high school in the state; (3) waiver of examination in favor of applicants who have been for at least three years next preceding date of application practising as public accountants, the last three months of which shall have been within the state of Tennessee, provided that application be filed within three months from date of the appointment of the board; (4) waiver of examination and issue of certificate to C. P. A. of other states, or holder of equivalent certificate duly authorized by foreign government; (5) provided that such other state accords similar privileges to holders of Tennessee certificates.

OREGON :

(1) The state board of accountancy consists of five members, all of whom shall be public accountants and actively engaged as such in the state of Oregon for not less than two years; (2) the law does not require any preliminary educational qualifications, nor does it require any experience in the study or practice of accounting, but the law provides that the state board of accountancy shall make all needful rules and regulations regarding qualifications and experience of persons applying for certificates, etc.; (3) waiver of examination and issue of certificate to applicants who have, for at least two years immediately prior to passage of the act, been practising in the state as public accountants on their own account, or who shall have been in individual practice within the state for at least one year and shall have had at least two years' prior experience in the practice of accounting each on his own account, or with a public accountant, provided that application under such waiver clause be filed within sixty days from date of passage of the act; (4) waiver of examination and issue of certificate to C. P. A. of other states, but with no provision for interchange or issue of certificate under waiver to a holder of an equivalent degree issued by any authority other than a state of the United States; (5) reciprocal clause provides that certificate may be issued without examination to C. P. A. of another state only in the event that such other state extends similar privileges to holders of Oregon certificates.

WISCONSIN :

(1) The state board of accountancy consists of three members appointed by the governor, one of whom shall be a "professor of economics, finance, accountancy, or business administration and commercial law in a school of higher learning," and two shall be practising

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public accountants for a period of not less than three years; (2) no provision requiring any preliminary education or practical experience or study of accounting; nor does the statute authorize the board to make rules or regulations as to preliminary education or practice; (3) waiver of examination and issue of certificate to applicants who have had more than three years' experience as public accountants who have been practising in the state of Wisconsin as such for at least one year prior to the passage of the act, providing that application therefor be filed within six months from date of appointment of the board; (4) each member of the first board appointed by the governor shall receive a certificate as C. P. A. by virtue of his appointment; (5) waiver of examination and issue of certificate to holder of certificate issued by another state, or holder of an equivalent degree issued by any foreign government; (6) provided that, in the case of holders of C. P. A. certificates issued by other states, such other states accord similar privileges to the holders of Wisconsin certificates.

Attention is particularly called to the fact that the members of the board first appointed shall become C. P. A.'s by virtue of such appointment, practically conferring upon the governor of the state authority to issue the original certificates. We consider this paragraph pernicious, particularly in view of the fact that all the members of the board are not required to be practising public accountants, one member thereof being designated as an instructor in an institution of higher learning, who otherwise might not qualify as a practising public accountant.

WEST VIRGINIA :

(1) The state board of accountancy consists of three members, two of whom shall be public accountants in practice for at least five years, and one attorney; (2) the law does not require any preliminary education, or practice and experience in accounting, nor does the statute authorize the board to make any rules and regulations prescribing any requirements as to education, practice or experience; (3) waiver of examination and issue of certificate in favor of applicants practising as public accountants in West Virginia or other states for at least three years next preceding the passage of the act, provided that application therefor is filed within three months from the passage of the act; (4) no provision for the issue of certificates to holders of certificates issued by other states or foreign nations; (5) statute provides that the two accountants first appointed as members of the board shall be certified as public accountants by the governor upon their appointment.

NORTH DAKOTA :

(1) The trustees of the state university are authorized to appoint a board of three members, one of whom shall be an "educator," one an attorney, and one "a person skilled in the practice of accounting";

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(2) the board of accountancy shall conduct examinations, exercise such powers, and perform such duties as may be prescribed by the trustees of the state university; (3) the only requirements prescribed for applicants are that they be of good moral character, twenty-one years of age or over, and residing in North Dakota, or having a place for the regular transaction of business in the state; (4) subjects designated for examination shall be theory of accounts, practical accounting, auditing, political economy, commercial law, and such other subjects as the trustees of the university may designate; provision is also made for oral examination; (5) provision for waiver of examination of applicants who have practised in North Dakota for more than one year as public accountants, each on his own account, before the passage of the act (not specified as immediately preceding passage), providing that application be filed within a year from the passage of the act; (6) no provision for issue of certificates to C. P. A. of other states, or the holders of equivalent degrees authorized by foreign nations.

* * * * *

Up to this time thirty states have adopted C. P. A. legislation (not including Nevada, Maine and Vermont, wherein passage of law is as yet unconfirmed).

Legislation is now pending in Kentucky, Texas and Kansas, and it is probable that, during the coming year, C. P. A. laws will be adopted in these states.

Your committee has been advised of the preparation of a new charter for the city of Cleveland, prepared and proposed by a special charter commission. The proposed charter includes provision for proper accounting system, records, etc., and also provides for "continuous audit of the books of account, records and transactions of the administrative departments of the city. Such audit shall be made by one or more certified public accountants who for at least three years have held certificates issued by state board of accountancy of Ohio, or by a state maintaining an equal standard which would entitle the holder thereof to an Ohio certificate."

At the last semi-annual meeting of the board of trustees, this committee was instructed to prepare a digest of the provisions deemed essential for future C. P. A. legislation. In accordance with such instructions, we have prepared a special report on this subject, which is submitted under separate cover.

Respectfully submitted,

J. S. M. GOODLOE,
For Committee on State Legislation.

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Special Report of Committee on State Legislation

TO THE BOARD OF TRUSTEES AND MEMBERS OF THE AMERICAN ASSOCIATION OF PUBLIC ACCOUNTANTS:

GENTLEMEN—At the semi-annual meeting of the board of trustees (held in New York on April 14th, 1913), it was resolved that the committee on state legislation should prepare a digest of the provisions which it approves for state legislation and submit same to the association at its next annual meeting.

In accordance with this resolution, we beg to submit herewith our recommendations as to the essential features which should be incorporated in future C. P. A. legislation:

STATE BOARD OF ACCOUNTANCY, OR BOARD OF EXAMINERS:

(1) To be appointed either by the governor, or by the duly constituted authorities of the principal university of the state under state control.

(2) Board to consist of not less than three nor more than five members.

(3) Members of board should be public accountants, who at time of appointment are actively engaged in practice within the state and have been so engaged for not less than three years, provided that after appointment of initial board all appointees shall be certified public accountants.

(4) Board to be appointed for a term of not less than three nor more than five years; provided, however, that term of board first appointed shall be designated as one member for one year, one for two years, one for three years, etc., so that thereafter one member shall be appointed annually for the full term.

POWERS OF THE BOARD OF EXAMINERS:

The board should be authorized (1) to organize, (2) to administer oaths to all applicants or persons appearing before the board, in respect to investigation, examination, or the issue of C. P. A. certificates; (3) to conduct investigations and examinations, and issue certificates to properly qualified applicants; (4) to determine the qualifications of all applicants, and (5) to establish such rules and regulations as may be requisite in order properly to carry out the purposes of the law and maintain a high standard of integrity, education and proficiency among the holders of C. P. A. certificates.

QUALIFICATIONS OF APPLICANTS:

1. More than twenty-one years of age.

2. A citizen of the United States, or one who has in good faith declared his intention of becoming such citizen—and with the further proviso that, if applicant be not a citizen but has declared his intention and fails to become a citizen within a reasonable time thereafter, such failure shall be sufficient cause

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for revocation—and that the board shall revoke such certificate for failure to complete citizenship within two years after time allowed by law.

3. Good moral character.
4. High school graduate, or possess an education fully equivalent to that of a high school graduate.
5. Have not less than three years' experience and study in accountancy, at least one year of which shall have been in the office of a public accountant.
6. Pass an examination in such subjects as may be presented by the board—but provided that examination shall at least cover the four general subjects of (a) practical accounting, (b) theory of accounts, (c) auditing, and (d) commercial law as affecting accountancy—and provided, however, that board may in its discretion waive examination of such persons as may by statute be specifically exempted from examination.
7. (1) Reside in the state, or (2) have an office therein for the transaction of business as a public accountant, or (3) be the legal holder of a C. P. A. certificate of another state, or an equivalent degree, and have held such degree for at least three years.

WAIVER OF EXAMINATION:

1. (a) In favor of any person possessing all the qualifications named above (except that of having passed examinations—per paragraph 6 of preceding section), who is at time of passage of the act actively engaged in the practice of accounting as a professional public accountant on his own account; (b) and who has been continuously engaged as such for at least three years next preceding the date of passage of the act; (c) provided that application for certificate without examination be filed within (not exceeding) six months from date of organization of the board.
2. In favor of any person holding valid C. P. A. certificate from another state or territory of the United States; provided that the standard of the state issuing such certificate be fully equivalent in every respect to the standard established by "this" state; provided, however, that state board may not recognize any C. P. A. certificates issued except by action of state board or the examining board; excluding by this clause recognition of any certificates issued or conferred by virtue of appointment by the governor or other appointive power.
3. In favor of any person holding valid certificate issued by or under authority of duly constituted authorities of any foreign nation (such as the English or Scottish degrees), provided that standard under or by authority of which same was issued be fully equivalent to standard of "this" state issuing.

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DEFINITION OF TERM "PUBLIC ACCOUNTANT":

A brief definition of the term "public accountant" incorporated in the statute will be valuable, although the adoption of such definition may not always be absolutely essential.

MISCELLANEOUS PROVISIONS:

1. Enacting clause.
2. Authorizing governor (or state university) to appoint state board of accountancy or board of examiners.
3. Providing that examinations shall be held at least once annually.
4. Fees to be paid by applicants.
5. Provision for payment of services or expenses (or both) of members of the board and expenses incidental to carrying on the work of the board, conducting examinations, issue of certificates, etc.

* * * * *

In view of the fact that the constitution of this association now provides that no persons other than certified public accountants may hereafter be elected to membership, we believe that the association should state the principal features which must be incorporated in future legislation which will be acceptable to this organization as a prerequisite to membership. The mere title of "C. P. A." should not be all-sufficient, but the association should establish and maintain reasonable and proper standards of qualifications, and decline to accept as members any or all persons holding C. P. A. certificates which are certificates in name only.

By far the greater number of states which have so far adopted such legislation are maintaining a high standard, but unfortunately there are some few states where the requirements for the C. P. A. certificate are inadequate. We therefore beg to recommend:

1. That the association adopt as the standard qualifications for the C. P. A. degree, the essential features herein stated under the following captions:

State board of accountancy, or board of examiners.

Powers of board of examiners.

Qualifications of applicants.

Waiver of examination.

2. That this committee (or a special committee to be appointed for that purpose) be authorized and instructed to prepare such data as will clearly indicate what C. P. A. laws now in effect are equivalent to, or above the prescribed standard (and whether such standards are prescribed by statute or by rule of the board), and report thereon at the next meeting of the board of trustees.
3. When the requirements in any state are below the standard adopted by this association, that this committee shall communicate with the constituent state society (when members

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of this association) and the state board of accountancy of such state, calling their attention to such deficiencies as may exist, to urge the revision of the law, and to aid in such revision and amendment as far as possible.

4. In event of future applications for membership by state or district societies, that the C. P. A. law of such state shall be submitted to this committee for review and report thereon (to the board of trustees), before such state or district society, or the membership thereof, may be elected to membership in this association.

Respectfully submitted,

J. S. M. GOODLOE,
For Committee on State Legislation.

Report of the Special Committee on Publicity

TO THE BOARD OF TRUSTEES OF THE AMERICAN ASSOCIATION OF PUBLIC ACCOUNTANTS:

GENTLEMEN—The special committee on publicity appointed by the president in accordance with a resolution adopted at the 1912 convention of the American Association of Public Accountants has undertaken a work of considerable importance during the year with results that are, we think, eminently encouraging.

The idea in creating the committee was to enhance the public knowledge of the duties of accountants and the benefits of accountancy, and in order to do this it adopted the idea of investigating first the question of the certification of borrowers' statements.

Circulars were addressed to bankers throughout the country and an astonishingly large percentage of replies was received in which the idea of certification was most strongly endorsed.

With these replies as a basis the committee instructed the secretary of the association to prepare a book containing the views of bankers on the various questions raised and to arrange the contents in such a manner as to set forth the opinions of bankers and accountants in an impartial way.

This book was published on August 12th, and including the number of free copies distributed to the members of the American Association and to bankers who replied to the circular letter, the circulation has amounted to about 6,000 and the sales are continuing with fair regularity.

Although this portion of the committee's work has met with great success the committee does not feel that the labor is complete, but rather that a great deal remains to be done and that the field of effort is merely scratched by the operations which have so far been carried on.

Without venturing to specify the many directions in which such a committee can continue its usefulness it may be said without fear of contradiction that the benefits of a wide distribution of information

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regarding accountancy cannot fail to bring increasing results in point of prestige and also pecuniary benefit.

The special fund for the purposes of this committee amounted to \$647.00. Revenues from the sale of the book will approximate \$2,000.00.

After payment of the committee's expenses and the cost of producing and distributing the book there will remain a substantial surplus available for the general work of the association.

J. E. STERRETT, *Chairman.*

Report of Special Committee on Professional Ethics

TO THE BOARD OF TRUSTEES OF THE AMERICAN ASSOCIATION OF PUBLIC ACCOUNTANTS:

DEAR SIRs—During the past year several matters have had the attention of the committee.

The question was propounded as to whether it is permissible from an ethical viewpoint for the president of our association, who has written a book on matters pertaining to our profession and of great interest to the profession, to allow his publishers, when introducing the book to the public, to state his official position in the association. Our committee was fully agreed that it was permissible; but so as to warrant further this position, the matter was presented to the Honorable S. S. Gregory, ex-president of the American Bar Association, from whose letter the following excerpt is quoted:

"Certainly, no gentleman who had been honored by the members of your profession by election to the presidency of your association would wish to have it thought that he was utilizing that position as a means of advertising himself or his work; but, on the other hand, when a work on any subject is offered to the public, it seems to me to be perfectly legitimate to state who and what the author is, and I do not see that for an author holding temporary office in a professional association to permit this could be regarded as inconsistent with proper notions of ethics."

This committee begs to request that this decision be accepted as final.

A case of breach of professional ethics was referred, in an informal way, to this committee, who investigated the matter to the best of its ability, with the result that a recommendation was made to the president of the association that two of our state societies should be requested to take action in the case. Your committee understands that in neither case did the state societies take any action. However, it has come to the attention of this committee that one of the state societies referred to has made arrangements for the establishing of a standing committee under the caption of "Committee on investigations and complaints," whose duties it shall be to investigate any case presented which would reflect on a member of the society. Thus it is to be hoped that the action taken by the committee may be productive of good results in the future.

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The committee's attention has been attracted to the fact that many accountants advertise by their letterheads that they have offices in various important cities, while as a matter of fact they have no offices in these cities, but have correspondents, dividing the profits on such business as they secure or control. A letterhead was presented to a member of this committee headed:

New York

Chicago

San Francisco

Philadelphia

Pittsburgh

London

And the member feels quite confident that the firm's name does not appear in the city directory of any of the cities mentioned. The vexed question of advertising is always before us, and the question as to what is ethical is not easy to decide, in many instances. In this and similar cases, your committee feels that it can make no recommendation, but presents the matter to the board of trustees for such action as they may see fit to take.

Respectfully submitted,

J. PORTER JOPLIN, *Chairman.*

REPORTS OF STATE SOCIETIES

California State Society of Certified Public Accountants

TO THE BOARD OF TRUSTEES OF THE AMERICAN ASSOCIATION OF PUBLIC ACCOUNTANTS:

GENTLEMEN—On behalf of the California State Society of Certified Public Accountants, I beg to report that this society now numbers fifty-six members.

It has already been announced to you that a coalition has been effected between this society and the Southern California Society of Certified Public Accountants, two chapters having been formed, in conformity with the Missouri plan, called the San Francisco chapter, with a membership of forty, and the Los Angeles chapter, with a membership of sixteen. This has been our most important work for the year.

Frequent meetings of the society have been held during the last twelve months which have been well attended and at which all proceedings have been harmonious; and the society may be said to be in a very flourishing condition.

I enclose a copy of the statement* issued to our members, drawn up by the secretary, Mr. J. F. Forbes, and dated August 15th, 1913, and remain,

Yours very truly,

NORMAN McLAREN, *President.*

*Copy of the secretary's statement is on file in the office of the secretary of the American Association of Public Accountants.

Reports of State Societies

The Colorado Society of Certified Public Accountants

AMERICAN ASSOCIATION OF PUBLIC ACCOUNTANTS:

GENTLEMEN—Herewith we submit the annual report of the Colorado Society of Certified Public Accountants.

During the fiscal year just closed we held six regular society meetings, each preceded by a dinner; at five of these meetings special addresses were delivered on current accounting topics by specially appointed speakers. One of these speakers was Mr. A. P. Richardson, the secretary of the American Association of Public Accountants; the latter during his visit in Denver addressed the Denver chamber of commerce at one of its regular weekly noon-day dinners and meetings. Aside from this address, members of our society made addresses before the State Bankers' Association annual meeting, before the Advertising Club, the Credit Men's Association, and before the city affairs committee of the chamber of commerce, with which conferences have been held pertaining to municipal administration.

Our society had presented at the last session of our legislature an act creating the department and office of state public examiner; we succeeded in passing this bill in the senate, while in the house it was held up for final passage, being used as prestige among other bills by the house majority to compel the senate to pass certain house measures, causing our bill to come to grief in committee, although favorably entertained. Many of our members took active interest before the legislature, and while our bill failed to pass, we did succeed in defeating all counter bills, some of which were quite antagonistic and unfavorable to us; this failure only leads to renewed and stronger efforts on our part at the next session of the legislature.

While as a society we have taken no action on matters coming up before the annual meeting of the American Association, it is the universal opinion here that standards and ethics should be on the very highest professional planes—this the Colorado State Society desires to emphasize.

For list of membership reference to the secretary's report is requested.

Very truly yours,

F. W. DEIDESHEIMER, *President.*

The Connecticut Society of Certified Public Accountants

TO THE BOARD OF TRUSTEES OF THE AMERICAN ASSOCIATION OF PUBLIC ACCOUNTANTS:

GENTLEMEN—Among the activities of the members of this society, one of the most important was to obtain recognition, from the general assembly of the state at its recent session, of the certified public accountants, as is evidenced by the following law passed as an amendment to the general statutes, section 3446, article 4, as follows:

Sec. 4. The directors or trustees of every savings bank or other bank or trust company having a savings department

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shall semi-annually or oftener take or cause to be taken a trial balance of the depositors' ledgers and report to the bank commissioners the amount of any difference, if such balance does not agree with the amount of deposits in the general ledger, and the penalties for a violation hereof shall be those set forth in section 3453 of the general statutes. Once in five years the trial balance herein referred to shall be taken by a certified public accountant employed by said directors or trustees.

The following opinion, *in re* revocation of certificate of public accountant, by the attorney-general of the state of Connecticut, Hon. John H. Light, confirms the right of the state board of accountancy to adopt a rule which should have the same force as if enacted by the legislature and explains itself.

We think this is a matter of unusual interest to the profession, and is hereby respectfully submitted.

FREDERICK C. MANVEL, *President*.

STATE OF CONNECTICUT

ATTORNEY-GENERAL'S OFFICE

HARTFORD, December 6, 1912.

To His Excellency, SIMEON E. BALDWIN, Governor:

SIR—I have your inquiry in which you say:

"The state board of accountancy charged one holding a certificate from me, as a certified public accountant, with professional misconduct, and summoned him before them.

"He appeared and excepted to their jurisdiction to hear such charges or take action thereon.

"They overruled his exception, found the charges sustained, and recommended to me the revocation of his certificate.

"He claims before me that the proceedings are all unwarranted by law.

"I ask your opinion as to these questions:

"1. Can the governor revoke such a certificate, on the recommendation of the board, without having had any hearing himself, and without having requested or authorized the board to hear charges?

"2. Could the governor revoke such a certificate, after a hearing before himself on such charges?"

The state board of accountancy was created under the provisions of chapter 202 of the public acts of 1907, being an act entitled: "An act concerning the certification of public accountants."

This statute is manifestly a mere police regulation, intended to aid the public in obtaining competent accountants.

The board is made to consist of three members, two skilled in the practice of accounting, and one an attorney-at-law, and it is empowered to adopt a seal, and such by-laws, rules and regulations, not inconsistent with the laws of this state, and of the United States,

Reports of State Societies

as it may deem expedient, for the transaction of the business of the board and the government of its affairs.

The governor appoints the members of the board, and has the power to fill any vacancy occurring in its membership, and to remove any member, for cause, after due notice and hearing.

It is made the duty of the board to examine all eligible applicants for a certificate as a certified public accountant, and whenever any person shall have passed the examination prescribed by the statute, the president of the board must certify such fact to the governor, and the governor shall thereupon sign and issue to such successful applicant a certificate prepared by the board, in which the applicant shall be given the right to be known and designated as a certified public accountant, and to use said title in full or the initials "C. P. A.," as said certificate shall provide.

The act of issuing the certificate is clearly ministerial, for it is performed on a given state of facts, in a prescribed manner, in obedience to mandate of the statute, without regard to, or the exercise of, the judgment of the governor upon the propriety of the act.

It is made a penal offense for any person to advertise or to hold himself out in any way as a certified public accountant, without having received a certificate in accordance with the provisions of the law, or to assume such title after any certificate authorizing such use by him has been revoked. By using the word "revoked" in this connection, it is made to appear that the legislature contemplated the revocation of certificates for cause, and intended the board to establish necessary procedure under the authority given to "adopt such by-laws, rules and regulations for the transaction of the business of the board and the government of its affairs * * * as it may deem expedient."

The board duly adopted the following rule:

"A certificate may be revoked by the governor upon the recommendation of this board, for sufficient cause, after due notice and hearing by the board."

It was held in the case of *Watts v. Holland*, 56 Tex., 60, that a "rule" is a definite regulation prescribed as a law of conduct. And in *re Higbee*, 4 Utah, 19, that "rules," in a legal sense, mean laws.

In a city charter empowering the council to make "ordinances, rules, regulations and by-laws for certain purposes such words are all equivalent to each other.*

The rule adopted by the board is a reasonable exercise of its statutory power; therefore it would seem to follow that the rule should be of the same character and have the same force as if enacted by the legislature.†

It was held in the case of *Wiggins v. Chicago*, 68 Ill., 372, that a municipal corporation vested by its charter with power to regulate and license auctioneers may by ordinance empower the mayor to

**Hunt v. Common Council of Lambertville*, 45 N. J. law (16 Vroom) 279, 282; *Taylor v. Lambertville*, 43 N. J. Eq. (Stew.) 107.

†*State v. Keenan*, 57 Conn. 288.

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revoke a license for cause. From parity of reasoning, it may be said that the state board of accountancy may by rule empower the governor to revoke a certificate on its recommendation, after due notice and hearing by the board, without any hearing or request for a hearing on the part of the governor.

Inasmuch as the act of issuing the certificate in the first place is merely ministerial, it is in keeping with the letter and spirit of the statute for the board to provide by rule, as it has done, that the act of revoking a certificate shall be ministerial also.

I am of the opinion that it is the duty of the governor to revoke such certificate, on the recommendation of the board, without having had any hearing himself, and without having requested or authorized the board to hear charges, and that, in the absence of such recommendation, the governor has no authority to revoke the same.

Respectfully submitted,

(Signed) JNO. H. LIGHT, *Attorney-General*.

Georgia Society of Certified Public Accountants

BOARD OF TRUSTEES, AMERICAN ASSOCIATION OF PUBLIC ACCOUNTANTS:

GENTLEMEN—The members of the Georgia society are so few in number and so widely separated as to distance that it has not been thought necessary to meet as often as our by-laws provided, namely, four times a year. We have therefore amended them accordingly.

During the year we have lost one member by death, our former president, Mr. A. J. Haltiwanger.

The good work done by the Georgia C. P. A.'s is having an excellent effect among the business men of this section. The development, and especially the recognition of accountancy as a profession, has never been more marked perhaps than in the past twelve months. A striking illustration of this is found in a bill introduced at this session of the legislature (House bill No. 448), entitled: "An act to require certain corporations and joint stock companies to submit the affairs and the business of the same to an audit annually; to provide a penalty for the violation hereof; to provide means to enforce an audit and for other purposes." This bill, however, did not pass, for the usual reason, perhaps, of other matters, considered by some as being more important, crowding this out.

The fellows of the Georgia society have been very active this year in public work. In accordance with the suggestion emanating from the American Association, this society has done considerable work in the line of appearing before public bodies. A representative of the Georgia society has conducted a course of lectures on economic and accounting subjects at the Georgia School of Technology, Atlanta, and arrangements have been made to deliver a series of special lectures on similar subjects at the university of Georgia, Athens, for the year 1913-14.

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Aided by the advice and assistance of the Georgia society a regular school of commerce will be started at the Georgia School of Technology on September 15th next. This school is modeled largely along the lines of the Denver university school of commerce, accounts and finance.

The fellows of this society have made addresses before the local credit men's association at Atlanta and Savannah, Ga., and at Knoxville, Tenn., and papers on accounting and economic subjects have been read before various trade bodies' conventions and other associations and societies held in this section.

The members of the Georgia society believe that the prestige enjoyed by our C. P. A.'s is largely due to the strict examination and care exercised by the board in issuing certificates.

Respectfully submitted,

JOEL HUNTER, *President.*

Illinois Society of Certified Public Accountants

TO THE BOARD OF TRUSTEES OF THE AMERICAN ASSOCIATION OF PUBLIC ACCOUNTANTS:

GENTLEMEN—In September, 1912, the Illinois Society of Certified Public Accountants had the pleasure of welcoming the American Association of Public Accountants at the annual convention held in Chicago, and the kindly expressions by the attending delegates and guests respecting the meetings and entertainment were a source of gratification to this society.

Since the 1912 convention the Illinois society has held four members' meetings.

At the meeting in March we had the pleasure of entertaining as honored guests Mr. R. H. Montgomery and Mr. A. P. Richardson, president and secretary, respectively, of the American Association. In addition to a large proportion of the society's own membership, this gathering was attended by forty-six guests from the staffs of members, as well as several members of other state societies. Mr. Montgomery gave a most interesting and instructive address on the subject of *The Attitude of the Professional Auditor with Respect to Valuations*, which was followed by a discussion in which many of those present took part. Mr. Richardson explained the activities of the American Association with respect to the federal tax law and the desired federal charter, and touched upon other matters of professional interest.

During the course of the year the attention of the directors was called to several cases wherein audit companies or firms had issued business cards or advertising literature respecting which some question as to the propriety thereof was involved. Except as to one case where there was some uncertainty as to whether the law had actually been violated, the audit companies or firms concerned expressed their willingness to conform with the requirements of the law when

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the matter was taken up with them. In one case an audit company, whose representations had previously been questioned, voluntarily ceased practising as a corporation and reorganized as a partnership in order to remove all grounds for complaint respecting the use of the title "certified public accountants."

Four new members were elected to the society since the date of the last annual meeting, one resigned and one was dropped, leaving a net increase of two members, the total membership at this date being 85, exclusive of two applications for membership which were received too late to enable the directors to act thereon prior to the annual meeting of the American Association.

Respectfully submitted,

R. O. BERGER, *Secretary.*

ARTHUR YOUNG, *President.*

The Kentucky Society of Public Accountants

TO THE BOARD OF TRUSTEES OF THE AMERICAN ASSOCIATION OF PUBLIC ACCOUNTANTS:

GENTLEMEN—On behalf of the Kentucky Society of Public Accountants, I have the honor to report that, after five years of earnest labor by a few accountants who have faith in the profession, and who desire to see it take the high standing that its merits deserve in the commonwealth of Kentucky, the society is now fully organized with eleven fellows and eight associates. Ten fellows and six associates have been admitted to membership in the American Association. The others came in after January 1, 1913, and are barred until we have a C. P. A. law.

The society has held six regular monthly meetings since its reorganization. These meetings were well attended and much interest manifested by the members. Subjects of importance to the profession were discussed.

While we do not have a very large number of practising accountants in the state, we hope to add very materially to our membership during the coming fiscal year.

We have been looking after the interests of the profession in the state in several ways, among which we might mention endeavoring to secure action by our bankers by which they will require statements submitted by borrowers to be certified by public accountants.

We have drafted and submitted to your committee on laws a C. P. A. law for our state which we will submit to our legislature in January, 1914, and use every honorable means to secure its passage.

Every member of our society has cause to feel grateful to the board of trustees in recognizing our society, thus enabling us to do active work in the cause in this state, and we feel that in a few years every accountant in the state will likewise be grateful to you.

Respectfully submitted,

Attest:

THOMAS E. TURNER, *President.*

CHAS. G. HARRIS, *Secretary.*

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The Society of Louisiana Certified Public Accountants

TO THE BOARD OF TRUSTEES OF THE AMERICAN ASSOCIATION OF PUBLIC ACCOUNTANTS:

GENTLEMEN—The Society of Louisiana Certified Public Accountants takes pleasure in submitting this report.

During the past year there have been ten regular meetings of members, at each of which routine business was transacted and discussions had, looking to the betterment of the profession in the state.

Since our last report the governor has favored our society by the appointment of one of its members to the state board of accountancy. While this is not as much as we expected and had hoped to accomplish, we none the less feel that much good must result.

Our fight to have declared unconstitutional act No. 247, amending act No. 125 of 1908, has resulted in a permanent injunction restraining the board of accountancy from issuing certificates under said act No. 247, and in a declaration by the judge of the lower court that the act is unconstitutional because of the lack of the enacting clause. The case will be tried on its merits some time this fall and may then go to the supreme court for final judgment, which may not be reached before the meeting of our legislature in the spring of 1914, when a bill now under consideration, amending and re-enacting all previous legislation, will be presented and, we hope, passed. A draft of this bill will be submitted to your legislative committee in due time.

We have not realized our hopes of increase in membership; while we have added to our ranks, we have been compelled to drop some of our members for neglect to keep up their dues, and can therefore report a membership of only sixteen.

A full list of holders of C. P. A. certificates under the Louisiana law has been furnished your secretary. This will be subject to additions of candidates who have passed successful examinations and to deductions for certificates recalled and canceled.

Our report would not be complete without an expression of the appreciation of this society of the visit of your secretary last January. It was in every sense helpful and has served to inspire a sense of nearness between your association and our society.

Very respectfully,

(Signed) H. DASPIT, *President*.

Maryland Association of Certified Public Accountants.

TO THE PRESIDENT AND BOARD OF TRUSTEES OF THE AMERICAN ASSOCIATION OF PUBLIC ACCOUNTANTS:

GENTLEMEN—Since the convention held in Chicago on September 17-20, 1912, the Maryland association has added to its roll two new names, they being the only ones satisfactorily to pass the examination given by the state board of examiners.

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During this same period, however, we very much regret to report the loss of two members, one through resignation and the other by death.

Mr. Ferdinand L. Brauns died on June 8th, 1913. He was one of the charter members of the Maryland association and a past president, serving in the latter capacity during the year 1911-12. He was known, respected and loved by all his associates, and he will be missed.

Our membership thus remains unchanged, namely, twenty-eight.

The Maryland association feels that in the present state board of examiners we have a body of men who will protect the profession from the professionally unfit. Thirty-eight applicants have presented themselves to the board at the last four examinations, out of whom twelve were passed and given the degree of certified public accountant. Eleven of these twelve successful applicants are now members of our association.

Owing to the small size (geographically) of the state of Maryland, it is an easy matter for our society to have frequent gatherings. We have held meetings monthly, except in July and August. We propose during the coming year to hold our meetings regularly, and to have discussions, lectures, etc., to interest and instruct. We number among our members several gentlemen who are well able to take a leading part in such programmes, and we would certainly severely blame ourselves if we did not use them to the utmost.

Owing to the fact that the state legislature did not meet in regular session during the past year, there is no legislation on which to report. Several matters affecting the standing of the certified public accountant and his profession will probably be considered by our state association and prepared for presentation at the legislature to convene in January, 1914. We see the need for the passage of certain amendments to our state law, but we also know the danger of trying to force amendments, when the attempted passage of same might be the cause of opposition to the law itself. Whatever is attempted along this line will be only after serious deliberation and consideration.

From a professional point of view we have every reason to believe that conditions are gradually improving in our state. We find that the bankers, business men and the public generally are becoming better acquainted with the certified public accountant, his work and the advantages to be derived from the use of his services.

Our association will be officially represented at the convention in Boston by its delegates, Messrs. Charles O. Hall and Thomas L. Berry, both past presidents of our association. Several other members, including the writer, will also attend.

Respectfully submitted,

ELMER L. HATTER, *President.*

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Certified Public Accountants of Massachusetts, Incorporated.

TO THE BOARD OF TRUSTEES OF THE AMERICAN ASSOCIATION OF PUBLIC ACCOUNTANTS:

GENTLEMEN—The Certified Public Accountants of Massachusetts, Incorporated, submits the following report:

The regular monthly meetings of the corporation have been held. Its membership has been increased by the election of three fellows and one junior, and we have lost by death two members, resulting in a present total membership of sixty-four, comprising fifty-five fellows, six associates, one junior and two honorary members.

Much time has been occupied in preparation worthily to receive as our guests members of the American Association at its annual convention this fall.

We have found time as well to listen to papers from the Hon. William D. Trefry, tax commissioner and commissioner of corporations of Massachusetts, and the Hon. Charles A. Andrews, deputy tax commissioner, who spoke on the general subject of taxation in Massachusetts, particularly as it relates to corporations. An edition of 5,000 of these addresses was published at the expense of the corporation and distributed. Professor Everett W. Lord, executive secretary, Boston University, College of Business Administration, delivered an address on the *Response of the colleges to modern business demands*; and our own member, Harvey S. Chase, gave a most instructive talk upon the national budget.

Favorable action was taken in relation to the request of President Montgomery of the American Association concerning the activities of our state societies in relation to the introduction of a fiscal rather than a calendar year in the making of corporation returns to the national government.

The legislative committee has been furthering the interests of the profession in attempting to have enacted by the legislature a bill providing for certification of corporation returns by a certified public accountant. The bill, which received the approval of the commissioner of corporations, was finally defeated after successfully passing all readings but one in both houses.

Respectfully submitted,

WALDRON H. RAND, *President*.

Michigan Association of Certified Public Accountants

TO THE BOARD OF TRUSTEES, AMERICAN ASSOCIATION OF PUBLIC ACCOUNTANTS:

GENTLEMEN—The Michigan society had a peculiar experience during the past year, in that the C. P. A. law passed in 1905 was annulled and a new law was enacted. Our society did not know anything about the proposed enactment of this new law until the eleventh hour, when the bill was at its third reading. This came about through a combination of circumstances. There happened to be two bills relating to accountants before the legislature and upon inquiry of both branches regard-

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ing the matter in which we were interested we received information concerning a bill that had to do with establishing a bureau for the supervision of the accounting of municipalities. This threw us off our guard, with the above result, except that we succeeded in having some of the objectionable features removed before the bill passed. We feel chagrined to think that our law could be so changed and mutilated without our being consulted or having proper knowledge of the proceedings and we intend henceforth to be on guard. The following changes are involved in the new law:

Members of the state board shall hold office until their successors are appointed.

The two-year requirement heretofore a part of the rules of the board, requiring two years' continuous practical experience in public accounting immediately preceding the date of application, is now a part of the law.

A bond of \$5,000.00, which was required to be filed under the old law, if allowed to lapse acts as an automatic revocation of certificate, but certificate is renewed on renewal of the bond.

All audit reports signed as C. P. A. must bear the date of the holder's certificate and the date of the expiration of the surety bond, and shall be signed only by actual holders of certificates; and any corporation or partnership signatures will be considered a violation. The signature of the C. P. A. so affixed shall be permitted only to certified public accountants who shall have performed the examination in person, and any literature or reports issued indicating C. P. A. service shall be considered a violation of this act, unless the signature be that of a holder of a certificate issued as provided by law.

The bill became a law August 15th, 1913. Thereupon a new board was appointed by the governor, as follows:

Frederic A. Tilton, C. P. A., Detroit.

Archibald Broomfield, Attorney, Big Rapids.

Durand W. Springer, C. P. A., Ann Arbor.

Terms expire January 1, 1914, 1915 and 1916, respectively.

I am sorry to say that the Michigan association itself is not as active as it might be. We aimed to have monthly meetings, but found that a very small percentage of the members turned out. We have had two social affairs during the year—one in anticipation of Mr. Richardson's visit. Unfortunately, owing to stress of other business, Mr. Richardson was obliged to leave before the night of the dinner; as a result, we tried and were able to get as a speaker for the evening Lieutenant-Governor Ross of Michigan. The other social meeting was in connection with the graduation exercises of the Detroit Technical Institute. We aim as an association to give all the aid we can to these educational features.

Michigan has twenty-six members. Less than half of these members are in actual practice. The Michigan association had endeavored to have incorporated in the Detroit city charter a requirement that the fiscal records of the city be subjected to a continuous audit by

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certified public accountants, copied after the provision incorporated in the Cleveland city charter.

After a lapse of several years the state board has been reconstituted. The retiring governor had objected to the board as being supernumerary, but the new governor—Governor Ferris—appointed the board as of May, 1913, and under the new law as of August 15 as before mentioned. The examinations were held in June; seven sat for examination and four passed all subjects and two were passed on probation, which means three subjects, thus permitting them to take the fourth at a later time, without taking all.

I feel that there is a growing confidence and regard for the services of the certified public accountant in Michigan as distinguished from the average run of accountants.

Respectfully submitted,

FREDERIC A. TILTON, *President.*

Minnesota Society of Public Accountants.

TO THE BOARD OF TRUSTEES OF THE AMERICAN ASSOCIATION OF PUBLIC ACCOUNTANTS:

GENTLEMEN—The Minnesota Society of Public Accountants reports that progress in accountancy in Minnesota during the past year has been all that could be desired.

Educationally, the university of Minnesota has undertaken the improvement of its courses and the development of night courses in each of the twin cities which give much promise of being not only popular but practical. The society is giving its best energies to the support of new work.

The unfortunate C. P. A. conditions in our state are undergoing a process of reconstruction, and while it is impossible at this time definitely to announce the membership of the new C. P. A. board, the assurance is offered that the present prospects give every evidence that it will be in every way satisfactory to the public and the profession.

At the annual meeting resolutions were adopted concurring in the proposed increase of dues, and the feeling was genuinely expressed that the association should now bear its expenses as an association rather than rely upon private subscriptions.

The visit of our secretary on his trip to the state societies was productive of much good to the profession and it is hoped that the trustees may make this an annual event.

Those in charge of the newly-adopted North Dakota C. P. A. law have given assurances of their desire to co-operate in every way to make North Dakota standards equivalent to the highest standards in any state.

With most cordial greetings and best wishes for a most successful meeting, we are,

Very truly,

MINNESOTA SOCIETY OF PUBLIC ACCOUNTANTS.

H. M. TEMPLE, *President.*

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Missouri Society of Certified Public Accountants

The society reports that during the past year it has gained four members and lost two by retirement. Under the chapter organization of the society, which went into effect about eighteen months ago, meetings of the society are held but once a year. The chapter meetings have been held from time to time in St. Louis and Kansas City during the past year.

The division of the society into chapters was an experiment. It is an experiment no longer. It has worked very successfully and effectively prevented the occurrence of those differences which are liable to arise in states where the accountants, gathered in the larger cities and far distant from one another, cannot freely and frequently meet.

The chapters are self-governing, conduct their own affairs as they wish, but in a manner not inconsistent with the by-laws of the state society, and their voting members must be members of the parent society. California has recently adopted a similar plan of organization.

The Business Men's League of St. Louis, a commercial body, *inter alia*, in the furtherance of its objects, determined that organized charities, in order to have the support of that body, must have their accounts audited at least once in each year by certified public accountants, and in pursuance of that provision of its by-laws a number of the members of the Missouri society agreed to audit these charitable institutions at the usual rates and to contribute the difference between the usual rates and \$7.50 per diem per man employed in the audit to the particular charity audited as a donation of the auditors. This amount, \$7.50 per diem, was deemed to be practically the actual expense incurred. It was decided, however, that no audits of any charitable institutions would be undertaken between December 1st and the 1st of April following. Twenty-seven institutions were audited during the past year.

B. D. KRIBBEN, *Secretary*.

Montana State Society of Public Accountants.

AMERICAN ASSOCIATION OF PUBLIC ACCOUNTANTS:

GENTLEMEN—The Montana society, during the past year, has held meetings only of a formal character, and so far as anything educational is concerned I rather think we have failed to show advancement. Things also have been rather upset by the resignation of a number of fellows who were formerly responsible for the conduct of the society's affairs, which has left matters in a rather unsettled condition. We hope, however, to put things in better shape by our next annual meeting, which will take place in November, at which time it is proposed to put into effect a number of changes in our by-

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laws which should make it possible for the society to be of more individual benefit to the bulk of its members.

We have lately received quite a number of applications for membership and we expect that still others will be received before our annual meeting.

W. F. BATTIN, *President*.

The Society of Certified Public Accountants of the State of New Jersey.

TO THE BOARD OF TRUSTEES OF THE AMERICAN ASSOCIATION OF PUBLIC ACCOUNTANTS:

GENTLEMEN—The Society of Certified Public Accountants of the State of New Jersey begs to report that it has held its regular meetings throughout the year. At the regular meeting held in February, 1913, all the officers were re-elected for the ensuing year.

We regret to report that we have lost three members during the year, two by death and one by resignation.

Our membership now numbers forty-six fellows and two associates. We have not added any new members to our society during the year.

Respectfully submitted,

CLARKSON E. LORD, *President*.

Attest:

FRANK G. DUBOIS, *Secretary*.

New York State Society of Certified Public Accountants.

TO THE BOARD OF TRUSTEES OF THE AMERICAN ASSOCIATION OF PUBLIC ACCOUNTANTS:

GENTLEMEN—The New York State Society of Certified Public Accountants reports that during the year the usual number of meetings were held, with a gratifying increase in the average attendance. These meetings were for the most part of the ordinary routine order, and interspersed with short addresses from members and others on matters of current interest.

The net gain in membership during the year, from May, 1912, to May, 1913, was twenty, making the total membership of this society at the latter date 354, consisting of 319 fellows, 33 juniors and 2 honorary members.

The society reports that through the efforts of the committee on violations a decision was rendered defining the intent of the law as understood by the court, and rendering an opinion as to what constituted violation thereof.

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At the last session of the legislature a bill was passed and approved by the governor amending the certified public accountant act of 1906, which amendment provides for the issuance of certificates under the law of the state of New York to holders of certificates issued by other states, when in the discretion of the board of regents such certificates may be considered as having been issued under conditions equivalent to those required by the act of New York state.

Respectfully submitted,

EDWARD L. SUFFERN, *President*.

Oregon State Society of Public Accountants.

TO THE BOARD OF TRUSTEES OF THE AMERICAN ASSOCIATION OF PUBLIC ACCOUNTANTS:

GENTLEMEN—Through the efforts of this society the state of Oregon has finally landed in the C. P. A. column. We succeeded in getting our bill passed by the legislature last February, and the accountants hope it will give accountancy matters an impetus throughout the state.

The accountants in Oregon are gradually influencing legislation. We now have laws on our statute books establishing a state bureau of uniform accounting, reporting and auditing, which is under the supervision of the insurance commissioner of the state, Mr. J. W. Ferguson, C. P. A., who is a charter member of our society.

Oregon also has what is colloquially known as the "blue sky" law, which is similar to the law in Kansas. The administration of this law will increase the business of the accountants.

This society increased by one member during the past year. We hope to secure a large membership as soon as we change our corporate name to include the word "certified."

In closing I desire to thank the trustees for the visit of your able secretary, Mr. A. P. Richardson. He reached Portland on the day our bill passed the senate and assisted us in celebrating.

I trust the coming convention in Boston will be the most successful in the history of the American Association.

Respectfully submitted,

JOHN Y. RICHARDSON, *President*.

Pennsylvania Institute of Certified Public Accountants.

TO THE BOARD OF TRUSTEES OF THE AMERICAN ASSOCIATION OF PUBLIC ACCOUNTANTS:

GENTLEMEN—On behalf of the Pennsylvania Institute of Certified Public Accountants, I have the honor to report that during the past year

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the members of the institute have taken a keen interest in its affairs. During the fall and winter months, monthly meetings have been held at which carefully prepared papers upon accounting, business and legal subjects were read and discussed, which reflected great credit upon those taking part therein.

At the annual banquet, held on the evening of May 8th, 1913, the chief speaker of the evening was Hon. Winfred T. Denison, assistant attorney-general of the United States, who delivered a most interesting and able address on the United States government investigation of the sugar frauds and the service rendered by the accountants in connection therewith. Without the services of the accountants the government would have been unable to have exposed the frauds and convicted the perpetrators.

During the year there was introduced in the house of representatives of the state legislature a bill to amend the certified public accountant act. By the provisions of this bill the state board of examiners would have been given the power, in its discretion, to waive the examination of any person applying for a C. P. A. certificate. The members of the institute who were instrumental in having the C. P. A. law enacted in March, 1899, and who, with the other members, have taken an active interest in raising to the highest possible standard the qualifications of the Pennsylvania certified public accountant, looked upon the suggested legislation as pernicious. In their judgment the state board should not be vested with a discretion which might be exercised to the detriment of the profession and the public generally.

A meeting of the council of the institute was held to consider the contemplated legislation. It was their unanimous opinion that every effort should be made to defeat the bill, as its passage would be a retrograde movement, uncalled for and unwarranted. The following letter of protest was sent to the chairman of the committee of the house of representatives having the bill in charge:

“PHILADELPHIA, PA., May 3, 1913.

“At a special meeting held to-day of the council of the Pennsylvania Institute of Certified Public Accountants, for the purpose of considering a proposed amendment to section 4 of the act approved the twenty-ninth day of March, 1899, entitled *An Act to establish a Board for the examination of accountants, to provide for the granting of certificates to accountants, and to provide a punishment for the violation of this Act*, it was, after a full discussion and careful consideration of the same, the unanimous opinion of the council that the amendment should not become a law, and we respectfully urge that its passage be defeated.

“Prior to the passage of the act in 1899 the vocation of public accountant was not organized or controlled; each person practising as a public accountant maintaining his own standard of proficiency.

“In March, 1899, an act was passed, the intention of which was to raise the standard of the accounting vocation to that of a profession,

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similar in status to other recognized professions. Inasmuch as the act provided for examinations for the members for raising the standard, it was manifestly impossible for accountants to examine themselves, and it was therefore provided that the first board of examiners appointed need not be certified public accountants, nor need they examine themselves nor those of their brother accountants, in equally good standing, who might manifest their desire to come within the provisions of the act as provided in section 4 thereof as follows:

Section 4. The board of examiners may, in its discretion, waive the examination of any person who shall have been for three years before the passage of this act practising in the state of Pennsylvania as a public accountant, and who shall apply in writing for such certificate within one year after the passage of this act.

"By that act with its necessary provision the profession of accountancy was established and controlled to the extent that any breach of sufficient moment becomes punishable by the withdrawal of the certificate issued by the governor upon the recommendation of the board of examiners. This status established a relation between the public generally, including all business men, and the accountant, which relation was thus placed upon the high standing of all professions. Thus any attempt to lower the standard for admission to that profession would work injury to the public generally. While it may be said that the board could safely be trusted with a discretion, the exercise of which might permit accountants of no standing whatever to become certified public accountants, yet were such power given, it would almost necessarily follow that lapses in judgment would result in the lowering of the standard through these loose admissions.

"No lawyer, physician, dentist, or druggist, can practise his profession in the state of Pennsylvania without first having passed the necessary examination by a board of examiners of the state of Pennsylvania appointed to examine those applying for a certificate, and no discretionary power is given to the board of examiners to waive the examination of any person applying for such certificate; and we know of no good and valid reason why an exception to this prudent and satisfactory course should be made in the case of an applicant for a certificate to practise as a certified public accountant.

"The business world, as well as those investing their savings in corporate securities, demands that the highest degree of proficiency be maintained in the accounting profession and that no one be permitted to practise as a certified public accountant who has not passed the examination required.

"The certified public accountant act, unlike acts controlling the practising of lawyers, physicians, dentists and druggists, does not debar any one from practising as a public accountant, but does pro-

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hibit any one from practising as a certified public accountant who has not passed the necessary examination prescribed by the certified public accountant act. The profession of accountancy is as important to the business world as is that of the lawyer, physician, dentist or druggist to the community.

"No unreasonable restrictions are put in the way of any one desiring to become a certified public accountant, the only desire of the board of examiners being to ascertain from examination if a man is qualified to serve the business public properly.

"We, therefore, as members of the council representing the Pennsylvania Institute of Certified Public Accountants, respectfully protest against the amendment of the act and urge that its passage be defeated.

"Edward P. Moxey, President.

"Wm. W. Rorer, Vice-President.

"Wm. J. Wilson, Secretary.

"Chas. Weissinger, Treasurer.

"T. Edward Ross.

"Herbert G. Stockwell.

"Jas. Whitaker Fernley.

"Robt. H. Mansley."

Members of our committee on legislation appeared before the judiciary special committee of the house of representatives and were accorded a very courteous hearing. The efforts of the institute were successful and the bill did not become a law.

During the past year the membership of the institute has been materially increased by the election of fifteen new resident certified public accountants of Pennsylvania, the majority of whom have recently passed our state board examination.

Yours respectfully,

EDWARD P. MOXEY, *President.*

Tennessee Society of Public Accountants.

TO THE BOARD OF TRUSTEES OF THE AMERICAN ASSOCIATION OF PUBLIC ACCOUNTANTS:

GENTLEMEN—Since our report of one year ago, our society can look back with a feeling of pride and satisfaction, for we have been busy folk. In the first place it is our pleasure to report that we have increased our membership 100 per cent. and we still have prospects in the accounting field from which to draw. Our membership has been augmented by several prominent Nashville and Chattanooga accountants, and ere the next annual report to the American Association we hope to secure members and have representation from Knoxville.

More meetings have been held this year than ever before in the history of the society and the "pull together" spirit has prevailed;

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hence we all expect to be benefited the coming year through our association. Unfortunately the president was absent from the city at the time our worthy secretary, Mr. A. P. Richardson, visited Memphis. His visit was highly appreciated by the members of our society and it is the opinion of the Tennessee society that great good and lasting benefit can be derived, both by the society members and the public, from these visits; consequently we hope that these visits will be continued periodically.

With all our members pulling together, our efforts have been crowned with success by reason of our securing C. P. A. legislation, which is now a reality. Our board of examiners has held two meetings since the passage of the bill and has issued certificates to forty-five applicants.

A movement is on foot, the authority granted, and a committee has been appointed to draft by-laws and consummate arrangements for the changing of the name of our society to the "Tennessee Society of Certified Public Accountants," and due notice will be given this association when arrangements have been completed.

At this meeting a number of applications are on file for the consideration of your membership committee.

Respectfully submitted,

WILLIAM A. SMITH, *President*.

Texas State Society of Public Accountants.

TO THE BOARD OF TRUSTEES OF THE AMERICAN ASSOCIATION OF PUBLIC ACCOUNTANTS:

GENTLEMEN—On behalf of the Texas State Society of Public Accountants, I take pleasure in submitting the following report:

Four new members have been admitted to membership during the past year and three members have been dropped from the roll, owing to the fact that they have either left the state or left the profession of public accounting.

The principal work of the society during the past twelve months has been in trying to have the state legislature pass a C. P. A. law. The entire membership has been working with this end in view, and until the very last day of the special session we had great hopes that the same would be presented and passed, but, owing to differences between the governor and the legislators, our bill was not presented at this session.

Immediately upon adjournment we proceeded to start our new campaign for the next special session, which will be called in the early part of 1914, and I am in hope that the next report to the trustees of the American Association will contain notice that such a bill has been passed in the state of Texas.

With the working of the entire society on the C. P. A. law, we have brought public accounting to the notice of many business men

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in this state who never knew what was meant by a public accountant, and I feel that a great deal has been accomplished even though we did not secure the passage of this law.

The differences that have existed in the society have now been taken care of, and we are working in a more harmonious manner. Owing to the distance that must be covered by the members in this society, it is very difficult for us to have an entire representation at our meetings, but since the visit of the secretary, Mr. A. P. Richardson, to this state, a great deal more interest has been manifested.

I sincerely hope that these visits will be continued from time to time by executive officers of the American Association.

Respectfully submitted,

H. E. GORDON, *President*.

The Virginia Society of Public Accountants.

TO THE BOARD OF TRUSTEES OF THE AMERICAN ASSOCIATION OF PUBLIC ACCOUNTANTS:

GENTLEMEN—The Virginia Society of Public Accountants has just completed the fourth year of its existence and now appears to be firmly established upon a permanent and satisfactory basis.

While the membership of our society numbers only twenty-four (17 fellows and seven associates), our members are all very active and we are much gratified by the ample evidence which we have that each year the profession of accountancy in Virginia is receiving wider and more substantial recognition.

Our meetings have been well attended and have resulted in an increase of intercourse between our members which has been very helpful, not only in lessening professional jealousies and personal antagonisms, but also in promoting an interchange of ideas and experiences which has had a broadening and uplifting effect upon us all.

Respectfully submitted,

GEORGE MAHON, *President*.

Washington Society of Certified Public Accountants.

TO THE BOARD OF TRUSTEES OF THE AMERICAN ASSOCIATION OF PUBLIC ACCOUNTANTS:

GENTLEMEN—On behalf of the Washington Society of Certified Public Accountants I submit herewith a report on the progress of the society during the past year.

Yours truly,

S. F. RACINE, *Secretary*.

The year has been one of the most momentous in the history of accountancy in Washington. Greater obstacles have been encountered and greater interests have been opposing us, yet, withal, we

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have overcome every one of them and the year leaves us much more firmly established legally and in the public mind than ever before.

Early in the year the Washington state legislature met and, as was anticipated, a bill was almost immediately presented which was intended to relieve certain parties from the necessity of taking the examination for certificates.

A copy of the amendment follows:

Section 1. Third: To grant certificates of qualification to such applicants as may, upon examination, be found qualified in "theory of accounts," "practical accounting," "auditing" and "commercial law," to practise as certified public accountants. Provided, however, that any person or persons having resided within the state of Washington for a period not less than three years and who has been actively employed in this state by a firm of certified public accountants as accountant or auditor, or both, or any person who has maintained an established office and practised as a public accountant or auditor, or both, either under his own or a firm name, and who shall furnish a certificate from the clerk of the county in which he resides that he has resided in said county for a period not less than three years and has practised or been employed as herein provided for such period of time, shall be granted a certificate of qualification by said board without having to submit to the examination herein provided for, upon the payment of such fees as may be fixed by the said board.

It will be noticed that persons having had three years of experience in public accounting were to receive certificates without examination. Although no great fear was felt on the part of the certified public accountants that the bill would meet with the approval of the legislature, considerable effort was needed to suppress it. The bill was practically killed in committee, but later, upon changing the period of practice to five years, it was revived and passed by the committee, the vote being three against and two in favor of the bill. The bill, however, was never brought before the house.

One of the best indications of the progress that this state is making was evidenced by the tendency of the legislators to favor the C. P. A. In one case without the knowledge or influence of the C. P. A.'s a clause was inserted in a bill providing for the audit of certain financial institutions by certified public accountants. The suppression of the proposed amendment to the C. P. A. law, however, consumed all our available time and we were unable to devote any of our energies to keeping the clause in the bill and to forwarding other constructive legislation. Hence, as opposition arose through certain of the state offices, the clause in question was removed.

Still another evidence of the standing of the C. P. A. in Washington appears in the stand taken by certain of the county prosecuting attorneys in demanding that certificates be provided for them over the signature of certified public accountants before starting actions involving financial matters.

Reports of State Societies

Still another indication of progress is to be found in the offices of the certified public accountants themselves. Every one is busy and prosperous.

The causes that have produced this phenomenal period of progress are that all of the leading accountants are acting in unison in promoting the interests of the profession; publicity of a high degree is being given the work and objects of the society and of its members; educational facilities are of the best, and, above all, progress is the watchword.

Wisconsin Association of Public Accountants.

TO THE BOARD OF TRUSTEES OF THE AMERICAN ASSOCIATION OF PUBLIC ACCOUNTANTS:

GENTLEMEN—The activities of the Wisconsin Association of Public Accountants during the past year have been mainly, if not solely, devoted to the efforts to have a C. P. A. law passed for this state. In these efforts the individual members of the society worked harmoniously together.

At one time it seemed more than doubtful if we should be at this time successful. We had opposition again from a certain source, which, in previous attempts, had contributed largely to defeat; but finally we succeeded, carrying the bill through the senate by 19 to 2, and through the assembly by 69 to 4. We have good reason, therefore, to congratulate ourselves that, after so many years' struggles, we have finally joined the ranks of the many other states which have had such laws placed upon their statute books.

In the past we have, as a society, been inactive in furthering the ends of accountancy in this state. In other words, we have not taken that interest in those higher ideals that will put us on that high plane which will call for and command from the business and financial community of this state the respect and confidence which accountants of other states enjoy.

Now that our labors in securing a C. P. A. law have met with success we have our way clear to devote our attention as a society to the questions I have referred to, and, although we may have been inactive in the past, it will not be long before Wisconsin will prove a valuable section of the American Association.

Respectfully submitted,

JNO. H. BROWN, *President.*

BASKINS & SELLS

APPENDIX C

Members of State Accountancy Boards

Members of State Accountancy Boards

CALIFORNIA :

T. T. ATKINSON, C.P.A., 251 Kearney Street, San Francisco.
WILLIAM DOLGE, C.P.A., 311 California Street, San Francisco.
JOHN F. FORBES, C.P.A., Crocker Building, San Francisco.
PRENTICE MASLIN, Sacramento.
JOHN HOESCH, San Francisco.

COLORADO :

CLEM W. COLLINS, C.P.A., Foster Building, Denver.
WILLIAM DITTMAN, C.P.A., First National Bank Building, Boulder.
BEN MORRIS, C.P.A., Foster Building, Denver.

CONNECTICUT :

FREDERICK C. MANVEL, C.P.A., *President*, 66 Broadway, New York.
JOHN STARKWEATHER, C.P.A., *Secretary*, Ansonia.
F. W. CHILD, C.P.A., *Treasurer*, Greenwich.

DELAWARE :

PETER T. WRIGHT, *President*, 3 East Ninth Street, Wilmington.
THEODORE TOWNSEND, *Secretary*, Milford.
CHARLES H. SIMMONS, *Treasurer*, Farmington.

FLORIDA :

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JOHN A. HANSBROUGH, C.P.A., Tampa.
FRANCIS M. WILLIAMS, C.P.A., Jacksonville.

GEORGIA :

JOEL HUNTER, C.P.A., *Chairman*, Empire Building, Atlanta.
CHARLES NEVILLE, C.P.A., *Secretary*, Savannah.
HUDSON MOORE, *Attorney-at-Law*, Atlanta.

ILLINOIS :

JOHN A. COOPER, C.P.A., First National Bank Building, Chicago.
W. ERNEST SEATREE, C.P.A., 134 South La Salle Street, Chicago.
MARQUIS EATON, care of Defrees, Buckingham, Ritter & Eaton,
Chicago.

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C. E. WERMUTH, C.P.A., *President*, 615 Hennen Building, New Orleans.
ELKIN MOSES, C.P.A., *Secretary*, 615 Hennen Building, New Orleans.
GUY V. W. LYMAN, C.P.A., *Treasurer*, Hibernia Building, New Orleans.

MAINE:

F. ERNEST HOLMAN, C.P.A., *Chairman*, Waterville.
JOHN T. FAGAN, *Secretary and Treasurer*, 85 Exchange Street, Portland.
JOHN LOVEJOY, C.P.A., Rockland.

MARYLAND:

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CHARLES O. HALL, C.P.A., *Secretary and Treasurer*, Fidelity Building, Baltimore.
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FRED G. BOYCE, *Attorney-at-Law*, 209 East Fayette Street, Baltimore.

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AMOS D. ALBEE, C.P.A., Exchange Building, Boston.
HERBERT F. FRENCH, C.P.A., 166 Essex Street, Boston.
EDWARD L. PARKER, C.P.A., 50 State Street, Boston.

MICHIGAN:

FREDERIC A. TILTON, C.P.A., *Chairman*, Moffat Building, Detroit.
DURAND W. SPRINGER, C.P.A., *Secretary*, Ann Arbor.
ARCHIBALD BROOMFIELD, *Counsel, Attorney-at-Law*, Big Rapids.

MINNESOTA:

BENJAMIN FRANKLIN, JR., C.P.A., *Chairman*, Temple Court, Minneapolis.
HENRY W. MANN, C.P.A., *Secretary*, Corner Third and Broadway, St. Paul.
T. W. MITCHELL, C.P.A., *Treasurer*, University of Minnesota, Minneapolis.

MISSOURI:

DAVID L. GREY, C.P.A., Third National Bank Building, St. Louis.
BERTRAM D. KRIBBEN, C.P.A., *Secretary*, Central National Bank Building, St. Louis.
FREDERIC A. SMITH, C.P.A., Reliance Building, Kansas City.
ALBERT J. WATSON, C.P.A., Commerce Building, Kansas City.
H. T. WESTERMAN, C.P.A., Chemical Building, St. Louis.

Members of State Accountancy Boards

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- J. C. PHILLIPS, C.P.A., *Chairman*, Miner Building, Butte.
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Butte.
W. D. MANGAM, C.P.A., Miner Building, Butte.

NEBRASKA:

- JOHN M. GILCHRIST, C.P.A., *President*, Omaha.
W. B. HOWARD, C.P.A. (State Auditor), Lincoln.
E. J. ROBINSON, C.P.A. (State Accountant), Lincoln.

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SAMUEL D. PATTERSON, C.P.A., *Secretary*, 141 Broadway, New York.
WILLIAM H. DENNIS, C.P.A., 87 Nassau Street, New York.

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J. D. HIGHTOWER, C.P.A., *Secretary*, Greensboro.
G. G. SCOTT, C.P.A., *Treasurer*, 605 Commercial Building, Charlotte.
DAVID STERN, *Attorney-at-Law*, Greensboro.

NORTH DAKOTA:

- F. F. CUTHBERT, Devil's Lake.
FRANK L. McVEY, University of North Dakota, Grand Forks.
WALTER THOMPSON, Fargo.

OHIO:

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Cleveland.
J. J. MCKNIGHT, C.P.A., *Secretary and Treasurer*, Hayden Building,
Columbus.

OREGON:

- JOHN Y. RICHARDSON, C.P.A., *Chairman*, 502 Court House, Portland.
W. H. MANN, C.P.A., *Vice-Chairman*, Medford.

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CHARLES L. PARRISH, C.P.A., *Vice-Chairman*, Klamath Falls.
A. McE. BALL, C.P.A., *Secretary*, Spalding Building, Portland.
ARTHUR BERRIDGE, C.P.A., *Treasurer*, 324 Worcester Building, Portland.

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JAMES WHITAKER FERNLEY, C.P.A., *President*, 907 Betz Building, Philadelphia.
ADAM A. ROSS, C.P.A., *Secretary and Treasurer*, Morris Building, Philadelphia.
J. E. STERRETT, C.P.A., 54 William Street, New York.
HARRY B. GILL, *Attorney-at-Law*, 328 Chestnut Street, Philadelphia.
WILLIS A. BOOTHE, *Attorney-at-Law*, 413 Fourth Avenue, Pittsburgh.

RHODE ISLAND:

WILLIAM P. GOODWIN, C.P.A., *Chairman*, People's Savings Bank Building, Providence.
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GEORGE M. CLARK, C.P.A., *Chairman*, 317 James Building, Chattanooga.
IRA P. JONES, C.P.A., *Secretary*, 420 Deaderick Street, Nashville.
O. R. EWING, C.P.A., 719 Central Bank Building, Memphis.
WALTER M. BLACK, C.P.A., Knoxville.
F. W. PIKE, C.P.A., 1101 Tennessee Trust Building, Memphis.

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F. C. WILLIAMS (Bank Commissioner), Newport.
H. F. GRAHAM (Auditor of Accounts), Montpelier.
LUTHER C. WHITE, *Secretary*, Amsden.

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W. McK. EVANS, C.P.A., *Secretary and Treasurer*, Times-Dispatch Building, Richmond.
GEORGE MAHON, C.P.A., 50 Ninth Street, Lynchburg.
J. A. C. CHANDLER, *Attorney-at-Law*, Richmond.
JOSEPH STEBBINS, JR., *Attorney-at-Law*, South Boston.

Members of State Accountancy Boards

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WILLIAM McADAM, C.P.A., 224 Central Building, Seattle.

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SAMUEL LOGAN, *Treasurer*, Parkersburg

WISCONSIN :

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HENRY SCHNEIDER, C.P.A., 612 Railway Exchange Building, Milwaukee.
JOHN B. TANNER, C.P.A., State Board of Public Affairs, Madison.

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IRA B. FEE, C.P.A., Laramie.
I. C. NEWLIN, C.P.A., *Treasurer*, Newcastle.

BASKINS & SELLS,

APPENDIX D

Certified Public Accountant Laws of the Several
States

Certified Public Accountant Laws of the Several States

CALIFORNIA.

AN ACT TO CREATE A STATE BOARD OF ACCOUNTANCY AND PRESCRIBE ITS DUTIES AND POWERS; TO PROVIDE FOR THE EXAMINATION OF AND ISSUANCE OF CERTIFICATES TO QUALIFIED APPLICANTS, WITH THE DESIGNATION OF CERTIFIED PUBLIC ACCOUNTANT; AND TO PROVIDE THE GRADE OF PENALTY FOR VIOLATIONS OF THE PROVISIONS HEREOF.

(Approved March 23, 1901, and amended 1913.)

The People of the State of California, represented in the Senate and Assembly, do enact as follows:

SECTION 1. Within thirty days after the passage of this act the governor shall appoint five persons, at least three of which shall be competent and skilled public accountants who shall have been in practice as such in this state for not less than five consecutive years, to constitute and serve as a state board of accountancy. The members of such board shall, within thirty days after their appointment, take and subscribe to the oath of office as prescribed by the political code, and file the same with the secretary of state. They shall hold office for four years, and until their successors are appointed and qualified; save and except that one of the members of the board first to be appointed under this act shall hold office for one year; one for two years; one for three years; and two for four years. Any vacancies that may occur, from any cause, shall be filled by the governor for the unexpired term; provided, that all appointments made after the first year must be made from the roll of certificates issued and on file in the office of the governor.

SEC. 2. The state board of accountancy shall have its office in the city and county of San Francisco, and its powers and duties shall be as follows:

1. To formulate rules for the government of the board and for the examination of and granting of certificates of qualification to persons applying therefor;

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2. To hold written examinations of applicants for such certificates, at least semi-annually, at such places as circumstances and applications may warrant;

3. To grant certificates of qualification to such applicants as may, upon examination, be found qualified in "theory of accounts," "practical accounting," "auditing," and "commercial law," to practise as certified public accountants;

4. To charge and collect from all applicants such fee, not exceeding twenty-five dollars, as may be necessary to meet the expenses of examination, issuance of certificates and conducting its office; provided, that all such expenses, including not exceeding five dollars per day for each member while attending the sessions of the board or conducting examinations, must be paid from the current receipts, and no portion thereof shall ever be paid from the state treasury;

5. To require the annual renewal of all such certificates, and to collect therefor a renewal fee of not exceeding one dollar;

6. To revoke for cause any such certificate, after written notice to the holder, and a hearing being had thereon; provided, that such revocation must receive the affirmative vote of at least four members of the board;

7. To report annually to the governor, on or before the first day of December, all such certificates issued or renewed, together with a detailed statement of receipts and disbursements; provided, that any balance remaining in excess of the expenses incurred may be retained by the board and used in defraying the future expenses thereof;

8. The board may, in its discretion, under regulations provided by its rules, waive the examination of applicants possessing qualifications mentioned in section three, who shall have been for more than three years prior to the passage of this act practising in this state as public accountants on their own account, and who shall, in writing, apply for such certificates within one year thereafter.

SEC. 3. Any citizen of the United States, or any person who has duly declared his intention of becoming such citizen, residing and doing business in this state, being over the age of twenty-five years and of good moral character, may apply to the state board of accountancy for examination under its rules, and for the issuance to him of a certificate of qualification to practise as a certified public accountant, and upon the issuance and receipt of such certificate, and during the period of its existence, or of any renewal thereof, he shall be styled and known as a certified public accountant or expert of accounts, and no other person shall be permitted to assume and use such title or to use any words, letters or figures to indicate that the person using the same is a certified public accountant.

SEC. 3a. Any citizen of the United States, or any person who has declared his intention of becoming such citizen, being over the age of twenty-one years and of good moral character, who has complied with the rules and regulations of the board appertaining to such cases, and who holds a valid and unrevoked certificate as a certified public account-

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ant, or the equivalent thereof, issued by or under the authority of any other state of the United States, or the District of Columbia, or any territory of the United States, or by or under the authority of a foreign nation, when the board shall be satisfied that their standards and requirements for a certificate as a certified public accountant are substantially equivalent to those established by the act of which this act is an amendment, may at the discretion of the board receive a certificate as a certified public accountant, and such person may thereafter practise as a certified public accountant and assume and use the name, title, and style of "certified public accountant" or any abbreviation or abbreviations thereof, in the state of California; *provided, however*, that such other state, territory, or nation, extends similar privileges to certified public accountants of the state of California.

SEC. 4. Any violation of the provisions of this act shall be deemed a misdemeanor.

SEC. 5. This act shall take effect from and after its passage.

COLORADO.

AN ACT TO CREATE A STATE BOARD OF ACCOUNTANCY AND TO REGULATE PUBLIC ACCOUNTANTS.

(Approved March 27, 1907.)

Be it enacted by the General Assembly of the State of Colorado:

SECTION 1. Within thirty days after the passage of this act, the governor shall appoint three persons to constitute a state board of accountancy. The members of said board shall be persons skilled in the knowledge and practice of accounting and actively engaged as professional accountants within the state of Colorado.

SEC. 2. The members of such board shall hold office for three years or until their successors are appointed and have qualified, except that of the members first appointed under this act, one shall hold office for one year, one for two years and one for three years. The term of office of each to be designated by the governor in his appointment. Upon the expiration of each of said terms a member shall be appointed by the governor for the term of three years, and after the thirty-first day of December, 1907, the members of said board shall be appointed from among the holders of certificates issued under this act.

SEC. 3. The board shall determine the qualifications of persons applying for certificates under this act, and make rules for the examination of applicants and the issue of certificates herein provided for.

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SEC. 4. The board shall organize by the election of one of its members as president, one member as secretary and one member as treasurer; provided, however, that the office of secretary and treasurer may be held by one person.

SEC. 5. The treasurer shall give bond to the state in such sum as may be determined by the board.

SEC. 6. The board shall keep a complete record of all its proceedings, and shall annually submit a full report to the governor.

SEC. 7. The board shall grant certificates of qualification to such applicants as may, upon examination, be qualified in "theoretical" and "practical" accounting, "commercial law" as affecting accountancy, and in such other subjects as the board may deem advisable.

A majority of the board shall constitute a quorum, and the vote of two members shall be considered as the action of the board.

SEC. 8. Any citizen of the United States, or person who has duly declared his intention of becoming such citizen, over the age of twenty-one years, of good moral character, being a graduate of a high school or having had an equivalent education, who has had at least three years' experience in the practice of accounting, and has passed a satisfactory examination as herein provided, shall be entitled to a certificate as public accountant, and shall be styled and known as a certified public accountant.

SEC. 9. The examinations shall be held as often as may be necessary in the opinion of the board, and at such times and places as it may designate, but not less frequently than once in each calendar year.

SEC. 10. The board shall charge for each examination and certificate provided for in this act, a fee of twenty-five dollars (\$25). This fee shall be payable to the treasurer of the board by the applicant at the time of filing application. In no case shall the examination fee be refunded, but said applicant may be re-examined within eighteen months from the date of his application without payment of an additional fee.

SEC. 11. The members of the board to be appointed under the provisions of this act shall be paid for the time actually expended in the pursuance of the duties imposed upon them by this act, an amount not exceeding ten dollars (\$10) per day, and they shall also be entitled to necessary traveling expenses.

SEC. 12. From the fees collected, the board shall pay all expenses incident to the examinations to be held under this act, the expenses of preparing and issuing certificates, the traveling expenses of examiners, and their compensation while performing their duties under this act, provided, that no expense incurred under this act shall be a charge against

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the state. Any surplus arising shall at the end of each year be deposited by the treasurer of the board with the state treasurer to the credit of the general fund.

SEC. 13. Any person who files his application within six months after the organization of the board, and is at the time of filing said application a public accountant and has practised as such for at least three years next preceding the date of his application, the last year of which has been in the state of Colorado, shall file with his application proof of said facts. The board shall consider said proofs and such other evidence as may be procured, and if it be satisfied that the statements contained in said application and proofs are true, and that the applicant is of good moral character, the board shall accept said proofs and evidence in lieu of an examination, and shall grant said applicant a certificate.

SEC. 14. Any citizen of the United States or person who has declared his intention of becoming such citizen, over twenty-one (21) years of age, of good moral character, and who has complied with the rules and regulations of the board appertaining to such cases, and who holds a valid and unrevoked certificate as a certified public accountant, or the equivalent thereof, issued by or under the authority of any other state of the United States, or of the United States, or the District of Columbia, or any territory of the United States, or by or under the authority of a foreign nation, when the board shall be satisfied that their standards and requirements for a certificate as a certified public accountant are substantially equivalent to those established by this act, may at the discretion of the board receive a certificate as a certified public accountant, and such person may thereafter practise as a certified public accountant and assume and use the name, title and style of "certified public accountant" or any abbreviation or abbreviations thereof, in the state of Colorado, provided, however, that such other state or nation extends similar privileges to certified public accountants of the state of Colorado.

SEC. 15. The board may revoke any certificate issued under this act for sufficient cause, provided that written notice shall have been mailed to the holder of such certificate at his last known address at least twenty days before any hearing thereof, stating the cause of such contemplated action, and appointing a time for a hearing thereon by the board; and provided further, that no certificate issued under this act shall be revoked until such hearing shall have been had. At all such hearings the attorney general of the state or one of his assistants designated by him shall sit with the board with all the powers and pay of a member thereof.

SEC. 16. If any person shall represent himself as having received a certificate as provided in this act, or shall practise as a certified public accountant, or use the abbreviation "C. P. A." or any similar words or letters to indicate that the person using the same is qualified to practise in this state as a certified public accountant, without having received

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such certificate as provided for by this act, or if any person having received a certificate as provided for in this act, and having thereafter lost such certificate by revocation as herein provided, shall practise as a certified public accountant, he shall be deemed guilty of a misdemeanor, and upon conviction thereof shall be fined not less than fifty dollars (\$50) and not exceeding two hundred dollars (\$200) for each offense.

SEC. 17. Nothing herein contained shall be construed to restrict or limit the power or authority of any state, county, or municipal officer or appointee engaged in or upon the examination of the accounts of any public officer, his employees or appointees.

SEC. 18. In the opinion of the general assembly an emergency exists; therefore, this act shall take effect and be in force from and after its passage.

CONNECTICUT.

(Approved July 11, 1907.)

Be it enacted by the Senate and House of Representatives in General Assembly convened:

SECTION 1. There is hereby established a state board of accountancy, to consist of three members. Within thirty days after the passage of this act the governor shall appoint as members of said board, two persons skilled in the practice of accounting and one attorney-at-law, one for a term ending January 1, 1908, one for a term ending January 1, 1909, and one for a term ending January 1, 1910, and thereafter as said terms of office respectively expire, and triennially thereafter, the governor shall appoint, from the holders of the certificate hereinafter provided for in this act, one member of said board to serve for a term of three years and until his successor is appointed and qualified. The governor shall have power to fill any vacancy occurring in the membership of said board, and may remove any member, for cause, after due notice and hearing. The members of said board, before entering upon the discharge of their duties, shall take an oath before some proper authority for the faithful performance of said duties.

SEC. 2. At the first meeting of said board, which shall be held at the capitol in Hartford, on the second Wednesday in August, 1907, and at the annual meeting, which shall be held on the second Wednesday in June in each year thereafter, the members shall elect from their number a president, a secretary, and a treasurer; the offices of secretary and treasurer may be held by the same person. Said board may adopt a seal, and may adopt such by-laws, rules, and regulations for the transaction of the business of the board and the government of its affairs, not incon-

C. P. A. Laws

sistent with the laws of this state and of the United States, as it may deem expedient and may amend, modify or repeal any such by-law, rule or regulation. Two members shall constitute a quorum for the transaction of business, and special meetings shall be called upon request of any two members. The members of the board shall receive for their services ten dollars per day and their necessary expenses while engaged in the discharge of their official duties, such payments to be made by the treasurer of the board from the fees hereinafter provided. During the month of January each year the treasurer shall file with the treasurer of the state an itemized account of the receipts and expenditures of the board, and shall pay to the state any unexpended balance in his hands not required for the proper transaction of the business of the board.

SEC. 3. At a meeting of said board, to be held on or before October 1, 1907, at the annual meeting hereinbefore provided for, and at such special meetings as the board shall deem necessary to hold for the purpose, public notice of which shall be given at least fifteen days prior to any such meeting in such manner as the board shall determine, said board shall examine all eligible applicants for a certificate as a certified public accountant. Every eligible applicant shall be examined in the theory of accounts, practical accounting, auditing, commercial law, and such other related subjects as the board shall deem necessary. Any person shall be eligible to take such examination who is a citizen of the United States, residing or having a place for the regular transaction of business in the state of Connecticut, who is over twenty-one years of age, of good moral character, and a graduate of a high school with a four years' course, or, in the discretion of the board, has had an equivalent education, who shall have been regularly employed as a bookkeeper for a period of not less than two years, and who shall have had such training and experience in the art of public accounting as the board, by its rules and regulations, shall prescribe. All applications for examination shall be in writing and upon such forms as the board shall provide, and shall be accompanied by a fee of twenty-five dollars, to be paid at the time the application is filed.

SEC. 4. Whenever any person shall have passed the examination herein prescribed the president of the board shall certify such fact to the governor, and the governor shall thereupon sign and issue to such successful applicant a certificate prepared by the board, in which the applicant shall be given the right to be known and designated as a certified public accountant, and to use said title in full or the initials "C. P. A." as said certificate shall prescribe.

SEC. 5. Any person holding a certificate as a certified public accountant granted under the laws of another state, and who has had at least five years' experience as a public accountant, and who has practised in this state on his own account for one year or more, providing the state issuing such original certificate grants a similar privilege to the certified

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public accountants of this state, and any person twenty-one years of age or over, of good moral character, applying for a certificate as a certified public accountant within ninety days from and after the passage of this act, and who shall, by affidavit or otherwise, show to the satisfaction of the board that he has had at least two years' instruction in the office of or by a reputable accountant in active practice in this state, and has been engaged in the practice of public accountancy in this state for at least one year, or has had such other experience as said board shall find to be equivalent thereto shall upon the payment to the board of a fee of ten dollars, and upon the recommendation of the board, receive from the governor the certificate as a certified public accountant provided for in this act, without an examination.

SEC. 6. Any person who shall advertise or issue any sign, card, or any other indication designating himself as a certified public accountant, or who shall assume the title of certified public accountant, or use the abbreviation "C. P. A." or any other words, letters or figures to indicate or represent that he is a certified public accountant, without having received a certificate in accordance with the provisions of this act, or who shall issue any such sign, card or other indication, or assume such title or abbreviation after any certificate authorizing such use by him has been revoked, shall be deemed guilty of a misdemeanor, and upon conviction thereof shall be fined not more than five hundred dollars.

SEC. 7. This act shall take effect from its passage.

DELAWARE

AN ACT TO REGULATE THE PRACTICE OF PUBLIC ACCOUNTANT IN THE STATE OF DELAWARE.

(Approved March 31, 1913.)

Be it enacted by the Senate and House of Representatives of the State of Delaware, in General Assembly met:

SECTION I. That any person who has received from the state board of accountancy a certificate of his qualifications to practise as a public expert accountant as hereinafter provided shall be known and styled as a "certified public accountant," and no other person and no partnership all of the members of which have not received such certificate and no corporation shall assume such title or the title of "certified accountant" or "chartered accountant" or the abbreviations "C. P. A." or "C. A." or any other words, letters or abbreviations tending to indicate that the person, firm or corporation so using the same is a certified public accountant.

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SEC. II. There is hereby created a state board of accountancy to consist of three members to be appointed by the governor and who, with the exception of the members first to be appointed, shall be the holders of certificates issued under the provisions of this act and shall hold office for the term of three years and until their successors are appointed and qualified.

The members of the board first to be appointed shall be skilled in the practice of accounting and shall have been actively engaged therein on their own account within this state for a period of at least two years next preceding the passage of this act, and shall hold office, one for the term of three years, and one for the term of two years, and one for the term of one year. The term of office of each is to be designated by the governor in his appointment.

SEC. III. No certificate as a certified public accountant shall be granted to any person other than a citizen of the United States, residing or having a place for the regular transaction of business in the state of Delaware, who is over the age of twenty-one years and of good moral character, and (except under the provisions of section IV of this act) who shall have successfully passed an examination in "theory of accounts," "practical accounting," "auditing," and "commercial law as affecting accountancy," and in such other subjects as the board may deem advisable.

No person shall be permitted to take such examination unless he shall for a period of at least three years have been employed in the office of a public accountant as an assistant accountant, or shall have been practising as a public accountant on his own account, and who shall not at least three years prior to the date of said examination have successfully passed a preliminary examination in such subjects as may be prescribed by the board touching his general education, qualifications and fitness as an accountant, provided that the board may in its discretion waive the preliminary examination of any applicant who, in its opinion, has had a general education equivalent to that which may be prescribed by its rules and is otherwise qualified.

All examinations provided for herein shall be conducted by the board of accountancy herein provided for. The time and place of holding examinations shall be duly advertised for not less than three consecutive days in one daily newspaper published in each of the places where the examinations are to be held, not less than thirty days prior to the date of each examination.

The examination shall take place as often as may be necessary in the opinion of the board, but not less frequently than once each year.

The board may make all needful rules and regulations regarding the conduct of the examinations or their character or scope, the method and time of filing applications for examinations and their form and contents, and all other rules and regulations necessary to carry into effect the purpose of this act.

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SEC. IV. The state board of accountancy may in its discretion waive the examination of and issue a degree as certified public accountant to any person possessing the qualifications mentioned in section III of this act, who

- (1) Is the holder of a "C. P. A." certificate issued under the laws of another state, which extends similar privileges to certified public accountants of this state, provided the requirements for said degree in the state which has granted it to the applicant are, in the opinion of the board of accountancy, equivalent to those herein provided;
- (2) Shall be the holder of a degree of certified public accountant or chartered accountant, or the equivalent thereof, issued in any foreign government, provided that the requirements for such degree are equivalent to those herein provided for the degree of certified public accountant;
- (3) Is a resident of this state and who for more than two consecutive years next before the passage of this act shall have been practising in this state on his own account as a public accountant, and who shall apply in writing to the board for such certificate within six months after the passage of this act.

SEC. V. The state board of accountancy may revoke any certificate issued under this act, or may cancel the registration of any certificate under this act for unprofessional conduct or other sufficient cause, provided that written notice of the cause for such contemplated action and the date of the hearing thereon by the board shall have been mailed to the holder of such certificate at least twenty days before such hearing. No certificate issued under this act shall be revoked until such hearing shall have been held. At all such hearings the attorney-general of this state or one of his assistants designated by him shall sit with said board with all the powers of a member thereof.

SEC. VI. The state board of accountancy shall charge for the examination and certificate provided for in this act a fee of twenty-five dollars (\$25.00) to meet the expenses of such examinations. This fee shall be payable by the applicant at the time of making his initial application. No additional fee shall be charged any applicant.

From the fees collected under this act the board shall pay all expenses incident to the examinations, the expenses of issuing certificates, traveling expenses of the members of the board and their compensation while performing their duties under this act, provided that no expense incurred under this act nor the compensation of the members shall be a charge against the funds of this state.

The members of the board of accountancy herein provided for shall be paid an amount not exceeding ten dollars (\$10.00) per day to each mem-

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ber of said board for the time actually expended and also all necessary traveling expenses incurred in the performance of his duties under this act.

The board shall report annually the number of certificates issued and receipts and expenses under this act to the governor, and any surplus then in the hands of the board above the sum of five hundred dollars (\$500.00) which may be retained to meet future expenses, shall be paid, at the time of filing said account, to the state treasurer, for the use of the state.

SEC. VII. If any person shall represent himself to the public as having a certificate provided for in this act, or shall assume to practise as a certified public accountant without having received such certificate, or if any person having received such certificate provided for in this act shall thereafter lose the same by revocation and continue to practise as a certified public accountant, or use such title or any other title mentioned in section I of this act, or if any person shall violate any of the provisions of this act, he shall be deemed guilty of misdemeanor and upon conviction thereof shall be fined in a sum not less than one hundred dollars (\$100.00) or more than five hundred dollars (\$500.00), or imprisoned in the county jail for a period of not less than one month nor more than six months, or both, in the discretion of the court, for each day during which he shall so practise or violate any of the provisions of this act.

SEC. VIII. This act shall take effect immediately upon its passage.

FLORIDA.

AN ACT TO CREATE A STATE BOARD OF ACCOUNTANCY AND TO PRESCRIBE ITS POWERS AND DUTIES, TO PROVIDE FOR THE EXAMINATION OF QUALIFIED ACCOUNTANTS AND TO PROVIDE A PENALTY FOR VIOLATION OF THIS ACT.

(Approved June 5, 1905.)

Be it enacted by the Legislature of the State of Florida:

SECTION I. That any person residing in the state of Florida, being over the age of twenty-one years, of good moral character, being a graduate of a high school with a four years' course of study, or having had an equivalent education, who shall have received from the state board of accountancy a certificate of his qualifications to practise as a public expert accountant, as hereinbefore provided, shall be styled and known as a certified public accountant; and no other person shall assume such a title, or use the abbreviation "C. P. A.," or any words or letters to indicate that the persons using the same is such certified public accountant.

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SEC. 2. The governor shall within thirty days after the passage and approval of this act, appoint three persons residing in this state, who shall be skilled in the practice of accounting, to constitute and serve as a state board of accountancy. The members of such board shall hold office for three years and until their successors have been appointed and have qualified, except that one of the members of the state board of accountancy first to be appointed under this act shall hold office for one year, and one for two years. Upon expiration of each of said terms, an examiner shall be appointed for the term of three years, and after the year one thousand nine hundred and six the examiners appointed shall be holders of certificates issued under this act.

SEC. 3. The state board of accountancy shall make rules which shall be applied uniformly in all examinations held under this act. Said examinations shall be held at least once each year at some accessible place and notice of the time and place of each such examination shall be advertised in three or more papers whose circulation is most general throughout the state. The examinations shall be in "theory of accounts," "practical accounting," "auditing," and "commercial law as affecting accountancy."

SEC. 4. The state board of accountancy shall charge for the examination and certificate provided for in this act a fee of twenty-five dollars to meet the expenses of such examination. The fee shall be payable by the applicant at the time of filing his application. The state board of accountancy shall report annually to the governor the names of all persons receiving certificates, or whose certificates are registered, or revoked; and the receipts and expenses under this act. Out of the funds collected under this act shall be paid the actual expenses of the state board of accountancy in conducting such examinations and issuing such certificates, and an amount not exceeding ten dollars a day to each member of said board for the time actually expended in the pursuance of such duties imposed upon them by this act; *provided*, that no expense incurred under this act shall be a charge upon the funds of the state, and *provided further*, that any funds remaining in the treasury of the board shall be reported annually to the state comptroller and paid into the state treasury for the benefit of the school fund; *provided*, that the charge of each such certified public accountant shall in no case exceed ten dollars per day.

SEC. 5. The state board of accountancy may, in its discretion, register the certificate of any certified public accountant who is a lawful holder of a certified public accountant's certificate issued under the law of another state, and may issue to such certified public accountant a certificate of registration, which certificate shall entitle the holder to practise as such certified public accountant and to use the abbreviation "C. P. A." in this state; provided that the state issuing the original certificate grants similar privileges to the certified public accountants of this state. The state board of accountancy may charge for such certificate of registration such fee as may be necessary to meet the expenses of such registration.

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SEC. 6. The state board of accountancy may, at its discretion, waive the examination of any person possessing the qualifications mentioned in section 1 of this act who shall have for more than three years before the passage of this act been practising in this state on his own account as a public accountant, who shall apply in writing to said board for such certificate within one year after the passage of this act. The applicant shall pay such fee as the board in its discretion shall deem fit.

SEC. 7. The state board of accountancy may revoke any certificate issued under this act, or may cancel the registration of any certificate registered under this act, for unprofessional conduct of the holder of such certificate or other sufficient cause, provided, that written notice shall have been mailed to the holder of such certificate twenty days before any hearing thereon, stating the cause for any such contemplated action, and appointing a day for a full hearing thereon by the state board of accountancy.

SEC. 8. If any person shall represent himself to the public as having received a certificate as provided in this act, or shall assume to practise as a certified public accountant, or use the abbreviation "C. P. A.," or any similar words or letters to indicate that the person using the same is a certified public accountant, without holding a valid certificate issued under the provisions of this act, he shall be deemed guilty of a misdemeanor, and upon conviction thereof, shall be fined a sum not exceeding two hundred (\$200) dollars for each conviction, or shall be imprisoned not exceeding six months.

SEC. 9. In every case of conviction under this act, whether by plea of guilty or otherwise, the costs of prosecution shall be taxed against the defendant.

SEC. 10. This act shall become a law immediately upon its approval by the governor.

GEORGIA.

AN ACT TO ESTABLISH A BOARD FOR THE EXAMINATION OF ACCOUNTANTS AND TO PROVIDE FOR THE GRANTING OF CERTIFICATES TO ACCOUNTANTS AND TO PROVIDE A PUNISHMENT FOR THE VIOLATION OF THIS ACT.

(Approved August 17, 1908.)

SECTION 1. *Be it enacted, by the senate and house of representatives of the commonwealth of Georgia in general assembly met, and it is hereby enacted by the authority of the same, that any citizen of the United States residing and having an office for the regular transaction of business in the state of Georgia, being over the age of twenty-one years, and of*

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good moral character, and who will have received from the governor of the state of Georgia a certificate of his qualification to practise as a public expert accountant as hereinafter provided, shall be designated and known as a certified public accountant, and no other person shall assume such title or use the abbreviation C. P. A. or any other words, letters, or figures to indicate that the person using the same is such certified public accountant. Every person holding such certificate and every co-partnership of accountants, every member of which shall hold such certificate may assume and use the title of certified public accountant or the abbreviation thereof, C. P. A., provided that no other person or co-partnership shall use such title or abbreviation, or other words, letters, or figures, to indicate that the person or co-partnership using the same is such certified public accountant.

SEC. 2. The governor of the state of Georgia shall appoint a board of three examiners for the examination of persons applying for certification under this act. Two of said examiners shall be public accountants who shall have been in practice for at least five years, one of whom shall be appointed for the term of two years, and one for the term of three years, and upon the expiration of each of said terms an examiner shall be appointed for the term of three years and after the year one thousand nine hundred and eight, these two examiners shall be certified public accountants. The other examiner shall be a practising attorney in good standing in any of the courts of the state of Georgia, who shall be appointed for the term of two years, and upon the expiration of said term, a successor shall be appointed for the term of three years. The examination of certificates shall be based upon an examination in theory of accounts, practical accounting, auditing, commercial arithmetic, and commercial law. Said examinations shall take place twice a year in the city of Atlanta, during the months of May and November of each year, under such rules and regulations as may be adopted by the board. The fees provided by this act shall be twenty-five dollars for each applicant, from which shall be paid the expenses incident to each examination, including stationery, clerk hire, and traveling expenses of the examining board. The results of such examinations shall be certified to the governor, filed in the office of the secretary of state, and kept for reference and inspection for a period of not less than five years; and the governor to issue the certificate.

SEC. 3. The governor of the state of Georgia may revoke any such certificate for sufficient cause upon the recommendation of the board of examiners, who shall give written notice to the holder thereof, and after he has had a hearing thereon.

SEC. 4. The board of examiners may in its discretion waive the examination of any person who shall have been for the three years immediately preceding the passage of this act practising in the state of Georgia or a sister state as a public accountant, who shall apply in writing for such certificate within three months after the passage of this act.

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SEC. 5. If any person shall hold himself out as having received the certificate provided for in this act or shall assume to practise thereunder as a certified public accountant or use the initials C. P. A. without having received such certificate, or after the same shall have been revoked, he shall be deemed guilty of misdemeanor, and upon conviction thereof, shall be sentenced to pay a fine not exceeding five hundred dollars nor less than two hundred dollars.

ILLINOIS.

AN ACT TO REGULATE THE PROFESSION OF PUBLIC ACCOUNTANTS.

(Approved May 15, 1903.)

SECTION 1. *Be it enacted by the people of the state of Illinois, represented in the General Assembly*, that any citizen of the United States or person who has duly declared his intention of becoming such citizen, having a place for the regular transaction of business as a professional accountant in the state of Illinois, being over the age of twenty-one years, of good moral character, being a graduate of a high school with a four years' course, or having had an equivalent education, and who shall have received from the university of Illinois a certificate of his qualifications to practise as a public expert accountant as hereinafter provided, shall be styled and known as a "certified public accountant"; and no other person shall assume such title or use the abbreviation "C. P. A.," or any other words or letters to indicate that the person using the same is a certified public accountant.

SEC. 2. The university of Illinois shall determine the qualifications of persons applying for certificates under this act and shall make rules for the examination of the same, and for this latter purpose shall appoint three examiners, at least two of whom shall be skilled in the practice of accounting and actively engaged therein in the state of Illinois, and the third shall be either an accountant of the grade herein described or an attorney skilled in commercial law.

The time and place of holding the examinations shall be duly advertised, for not less than three consecutive days, in one daily newspaper published in each of the places where the examinations are to be held, not less than thirty days prior to the date of each examination.

The examination shall be in "theory of accounts," "practical accounting," "auditing," and commercial law" as affecting accountancy.

The examinations shall take place as often as may be necessary in the opinion of the university, but not less frequently than once a year.

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SEC. 3. The university of Illinois may in its discretion, under regulations provided by its rules, waive all or any part of the examination of any applicant possessing the qualifications mentioned in section 1, who shall have had five successive years' previous experience as a public accountant previous to the date of application, who shall apply in writing within one year after the passage of this act, and who shall have been practising in this state as a public accountant, on his own account, for a period of not less than one year next prior to the passage of this act; also to any person who shall have been actively engaged in practice as a public accountant for not less than five years next prior to the passage of this act, outside of the state of Illinois, who shall have passed an examination equivalent, in the opinion of the university of Illinois, to the examination to be held under the provisions of this act.

SEC. 4. (a) The university shall charge for the examination and certificate a fee of twenty-five dollars (\$25) to meet the expenses of such examinations. This fee shall be payable by the applicant at the time of filing his application.

(b) The examiners appointed by the university of Illinois shall be paid for the purpose of this act for the time actually expended in the pursuance of the duties imposed upon them by this act an amount not exceeding ten dollars (\$10) per day, and they shall be further entitled to their necessary traveling expenses. All expenses provided for by this act must be paid from the receipts under this act, and no expense incurred under this act shall be a charge against the funds of the university.

(c) From the fees collected under section 4 the university of Illinois shall pay all the expenses incident to the examinations held under this act, the expense of issuing certificates, and traveling expenses of the examiners, and their compensation while performing their duties under this act.

SEC. 5. The university may revoke any certificates issued under the provision of this act, for unprofessional conduct or other sufficient cause, provided that written notice shall have been previously mailed to the holder of such certificate twenty days before any hearing thereon, stating the cause for such contemplated action, and appointing a date for a full hearing thereof by the university; and provided further, that no certificates shall be revoked until a hearing shall have been made.

SEC. 6. If any person shall represent himself to the public as having received a certificate as provided in this act, or shall assume to practise as a certified public accountant, or use the abbreviation "C. P. A.," or any similar words or letters to indicate that the person using the same is a certified public accountant, without having received such certificate; or if any person having received a certificate as provided in this act, and having thereafter lost such certificate by revocation as herein provided, shall continue to practise as a certified public accountant; he shall be

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deemed guilty of a misdemeanor, and upon conviction thereof shall be fined a sum not exceeding two hundred dollars (\$200) for each offense; providing that nothing herein contained shall operate to prevent a certified public accountant who is the lawful holder of a certificate issued in compliance with the laws of another state, from practising as such within this state, and styling himself a certified public accountant.

LOUISIANA.

AN ACT TO REGULATE THE PRACTICE OF PUBLIC ACCOUNTING BY ESTABLISHING A STATE BOARD OF ACCOUNTANTS, FIXING ITS FEES AND EMOLUMENTS; TO PROHIBIT THE UNLAWFUL USE OF WORDS, LETTERS, OR OTHER MEANS OF IDENTIFICATION, BY UNAUTHORIZED PERSONS, AS CERTIFIED PUBLIC ACCOUNTANTS UNDER THIS ACT AND TO PROVIDE PENALTIES FOR THE VIOLATION OF ITS PROVISIONS.

(Approved July 2, 1908.)

SECTION 1. *Be it enacted by the general assembly of the state of Louisiana*, that any citizen of the United States, residing or having a place for the regular transaction of business in the state of Louisiana, being over the age of twenty-one years, of good moral character, and who shall have received from the Louisiana state board of accountants a certificate of his qualifications to practise as an expert public accountant, as hereinafter provided, shall be styled and known as a certified public accountant, and it shall be unlawful for any other person or persons to assume such title or use any letters, abbreviations or words to indicate that the one using same is a certified public accountant.

SEC. 2. Be it further enacted, etc., that within sixty (60) days after the passage of this act, the governor of the state of Louisiana shall appoint three persons who shall be skilled in the practice of accounting and actively engaged therein in this state, one for a term of two (2) years, one for a term of four (4) years, and one for a term of six (6) years; said members to establish and constitute the Louisiana state board of accountants. A member of said board shall be appointed bi-annually thereafter by the governor to serve a term of six years, or until such time as his successor has qualified. All vacancies created by death, resignation or otherwise, shall be filled by the governor for the unexpired term. The members of the Louisiana state board of accountants, the first board excepted, shall be appointed from the holders of certificates issued under and by virtue of this act. Within thirty (30) days after their appoint-

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ment, the members of said board shall take an oath, before any person authorized to administer oaths in this state, to faithfully and impartially perform their duties, and same shall be filed with the secretary of state.

SEC. 3. Be it further enacted, etc., that the Louisiana state board of accountants is hereby authorized and empowered to adopt and enforce all necessary rules, regulations, by-laws, etc., to govern its proceedings, and to regulate the mode of conducting examinations, to be held under this act, provided said examinations shall be held at least once a year. The examinations shall cover a knowledge of the "theory of accounts," "practical accounting," "auditing," "commercial law as affecting accountancy," and such other branches of knowledge as the board may deem necessary to maintain the highest standard of proficiency in the profession of public accounting. The board shall have power to issue certificates under their official seal and signatures as provided by this act.

SEC. 4. Be it further enacted, etc., that the Louisiana state board of accountants shall be authorized to charge each applicant for a certificate a fee not to exceed twenty-five dollars (\$25), same to be paid when the application is filed, except that the fee for each application filed within ninety (90) days after the passage of this act shall not exceed ten dollars (\$10). Out of the funds collected under this act shall be paid the expenses of the Louisiana state board of accountants, including mileage, and an amount not exceeding fifteen dollars (\$15) per day, for the time expended in conducting examinations and issuing certificates, provided, no expenses incurred by said board shall ever be charged to the funds of the state.

SEC. 5. Be it further enacted, etc., that the Louisiana state board of accountants may, in its discretion, register the certificates of any certified public accountant, who is the lawful holder of a certified public accountant's certificate issued under the law of another state, and may issue to such certified public accountant a certificate which shall entitle the holder to practise as such certified public accountant, and to use the abbreviation "C. P. A." in this state, provided, that the state issuing the original certificate grants similar privileges to the certified public accountants of this state. The fee for such registration shall not exceed twenty-five dollars (\$25).

SEC. 6. Be it further enacted, etc., that the Louisiana state board of accountants shall waive the examination of any person possessing the qualifications mentioned in section 1 of this act; who, first, for not less than five years has been actively employed as an accountant or book-keeper, and shall apply in writing to the board for such certificate, provided, that said application be accompanied by an affidavit before any notary public or justice of the peace, giving the name or names of the firms or corporations by whom he has been employed for the past five years, and provided said application be filed within ninety (90) days

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after the passage of this act, or who, second, for more than three consecutive years before the passage of this act shall have been practising in this state, on his own account, as a public accountant, and who shall apply in writing to the board for such certificate within ninety (90) days after the passage of this act.

SEC. 7. Be it further enacted, etc., that the Louisiana state board of accountants may revoke any certificate issued under this act, or may cancel the registration of any certificate registered under this act, for the unprofessional conduct of the holder of such certificate, or for other cause, provided, that written notice shall have been mailed to the holder of such certificate twenty (20) days before any hearing thereon, stating the cause for such contemplated action and appointing a day for full hearing thereon by the Louisiana state board of accountants, and provided further, that no certificates issued under this act shall be revoked until such hearing shall have been held.

SEC. 8. Be it further enacted, etc., that if any person shall represent himself to the public as having a certificate as provided in this act, or shall assume to practise as a certified public accountant, or use the abbreviation "C. P. A." or any similar words or letters to indicate that the person using the same is a certified public accountant, without having received a registration certificate, as provided in this act, or if any person having received a certificate as provided in this act, and having thereafter lost such certificate by revocation, as provided in section 7, shall continue to practise as a certified public accountant, he shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined not less than one hundred dollars (\$100) or sentenced to serve three (3) months in jail for each offense.

SEC. 9. Be it further enacted, etc., that all laws or parts of laws in conflict with the same are hereby repealed.

MAINE

AN ACT TO REGULATE THE PRACTICE OF PROFESSIONAL PUBLIC ACCOUNTING AND ESTABLISH THE MAINE BOARD OF ACCOUNTANCY.

(Approved March 31, 1913.)

SECTION 1. That there be and hereby is created and established a board which shall be known as the Maine board of accountancy, vested with power to have and use a common seal and to make such rules, by-laws and regulations, not inconsistent with law, as they shall deem necessary to improve and promote the science and art of accounting, and to carry out

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the purposes and enforce the provisions of this act. Said board shall promote the standard of general education; the standard of special education in the science and art of accounting; the standard of moral character and general public experience as prescribed in this act in all examinations conducted hereunder.

SEC. 2. Within thirty days after this act takes effect the governor, with the advice and consent of the council, shall appoint three persons, who are citizens and residents of the state of Maine, to constitute and serve as the Maine board of accountancy. Two of such persons shall be skilled in the art of accounting who have previously been actively engaged in the profession of a public accountant, and the other shall be a practising attorney in good standing in the courts of the state of Maine.

SEC. 3. The first three members appointed to the board shall serve for one, two and three years' terms respectively, each to be designated by the governor, and thereafter all members shall be appointed for a term of three years or to fill out an unexpired term of a previous member, and excepting the attorney member, shall be holders of certificates issued under the provisions of this act. They shall take and subscribe to the oath required by law to qualify them to discharge their duties.

SEC. 4. A majority of the board shall constitute a quorum for the transaction of its business. They shall elect a chairman and secretary who shall hold their offices for the term of one year or until their successors are elected. The secretary shall give bond to the treasurer of the state of Maine in such sum as the board may determine for the faithful accounting of all moneys or property coming into his possession, and he shall keep proper records of the doings of the board, and of his receipts and expenditures, and all certificates issued and applications received by the board. He shall pay over to the treasurer of the state quarterly on the last secular days of March, June, September and December, all fees collected by him during the preceding three months, and make such report thereof as the state auditor may require.

SEC. 5. The moneys paid into the state treasury under the provisions of this act shall be applied to the payment of the compensation and expenses of the members and of the expenses of the board, and so much thereof as may be necessary is hereby appropriated for that purpose. All bills for services and expenses of the board shall be submitted to the state auditor and upon approval be certified as required by law, and be paid from the moneys held in the state treasury as aforesaid; provided, however, that at no time shall any bills for services and expenses be in excess of the amount paid into the same under the provisions of this act.

SEC. 6. The members of the board shall receive as compensation for their services five dollars per day for the time actually spent and such expenses as are incidental and necessary to carry out the provisions of this act.

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SEC. 7. Any person who shall have received from the Maine board of accountancy a certificate of his qualifications to practise as a public accountant, as hereinafter provided, shall be styled and known as a certified public accountant, and no other persons shall assume such title or use the abbreviation C. P. A. or any other words, letters or figures to indicate that the person using the same is such certified public accountant.

SEC. 8. At such time as the board may fix upon, it shall hold meetings for the examination of applicants for certificates and shall give notice thereof by publication in a daily newspaper in each of the cities of Portland, Lewiston, Bangor and Augusta, stating the time and place of such meetings, not less than twenty days prior to the date thereof. At such meetings the board shall conduct examinations of applicants who have been residents of the state of Maine at least one year prior thereto, and of certified public accountants of any other state or foreign government which extends similar privileges to certified public accountants of this state, and who have paid the required fee, and to those who have shown the required proficiency in the theory of accounts, business systems and commercial law, and such other subjects as it deems necessary, and whom they believe to be of such character and fitness as to qualify them to act as public accountants, they shall issue a certificate over the signatures of the board and under its seal that the applicant is entitled to practise as a certified public accountant in accordance with the provisions of this act.

SEC. 9. The board may, in its discretion, waive the examination and the payment of fees and may issue a certificate for certified public accountant to any person possessing the qualifications mentioned in the preceding section who is the holder of a certified public accountant's certificate issued under the laws of another state or foreign government which extends similar privileges to certified public accountants of this state, provided the requirements in the state or foreign government which has granted it to the applicant are, in the opinion of the Maine board of accountancy, equivalent to those herein provided.

SEC. 10. Each applicant for examination shall pay to the secretary of the board a fee of twenty-five dollars at the time of filing his application and no other fees or costs shall be required to be paid by him. If the applicant fails to pass the examination the fee shall not be returned to him, but he shall be entitled to take another examination after one year at any advertised meeting at which there are to be other applicants for examination. The fee shall be required to be paid by every person to whom a certificate for a certified public accountant is issued by the Maine board of accountancy, except that where reciprocal certificates are issued the fees required shall be not less than nor more than the fees charged to certified public accountants of this state for similar privileges.

SEC. 11. The Maine board of accountancy may revoke any certificate issued under the provisions of this act upon proof of bad moral character,

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dishonesty, conviction of crime, incompetency or unprofessional conduct; *provided, however*, a written notice shall have been mailed to the holder of such certificate at least twenty days before any hearing thereon stating the cause for such contemplated action and appointing a time and place for a hearing thereon by the Maine board of accountancy. Upon the revocation of any certificate it shall be surrendered to the board by the holder.

SEC. 12. Upon the granting of any certificate for a certified public accountant by the board its secretary shall immediately file in the office of the secretary of state a certificate showing the name, residence and post office address of the person to whom it is issued, together with the date of the certificate and such other information as the board may deem advisable, such certificate to be open to all persons at all reasonable times for all proper purposes.

SEC. 13. Any person who shall advertise or issue any sign, card or other indication designating himself as a certified public accountant, or who shall assume the title of a certified public accountant, or use the abbreviation C. P. A., or any other words, letters or figures to represent that he is a certified public accountant, or shall practise as such without having received a certificate in accordance with the provisions of this act, or who shall issue any such sign, card or other indication or assume such title or abbreviation after any certificate authorizing such use by him has been revoked or continue to practise as a certified public accountant shall upon conviction be punished by a fine not exceeding five hundred dollars.

SEC. 14. The board shall annually make a report to the governor and council showing its receipts and disbursements in detail, the names of persons to whom certificates have been issued, and the names of persons whose certificates have been revoked with the reasons therefor, during the fiscal year ending June thirtieth.

MARYLAND.

AN ACT TO REGULATE THE PRACTICE OF THE PROFESSION OF PUBLIC ACCOUNTANT IN THE STATE OF MARYLAND.

(Approved April 10, 1900.)

SECTION 1. *Be it enacted by the General Assembly of Maryland*, That any citizen of the United States, or person who has duly declared his intention of becoming such citizen, residing or having a place for the regular transaction of business in the state of Maryland, being over the age of twenty-one years and of good moral character, and who shall have

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received from the governor of the state of Maryland a certificate of his qualification as a public expert accountant, as hereinafter provided, shall be styled and known as a certified public accountant; and no other person shall assume such title, or use the abbreviation "C. P. A.," or any other words, letters or figures to indicate that the person using the same is such certified public accountant.

SEC. 2. The governor shall, within sixty days after the passage of this act, appoint a board of four examiners for the examination of persons applying for certificates under this act; two of said examiners shall be public accountants, selected from a list of six names proposed by the Maryland Association of Public Accountants, one of which said two examiners shall hold office for a term of one year, and one for the term of two years, and upon the expiration of each of said terms, and of each succeeding term, an examiner shall be appointed for the term of two years, and after the year nineteen hundred each successor to said two examiners shall be appointed from such persons as may hold certificates as certified public accountants under this act. The other two of said board of examiners shall be practising attorneys, in good standing, in any of the courts of the state of Maryland; one of them shall hold office for the term of one year, the other for the term of two years, and upon the expiration of each of said terms and each succeeding term a successor shall be appointed for the term of two years, such successors to be practising attorneys, in good standing, as hereinbefore mentioned.

SEC. 3. Examinations of persons applying for certificates under this act shall be held at least once every year, and be conducted according to such rules and regulations as the said board of examiners may adopt for the purpose. The results of such examinations shall be certified to the governor, and to all persons who may have passed examination satisfactory to said board of examiners, and by it been recommended, the governor shall issue the certificate mentioned in the first section of this act.

SEC. 4. The board of examiners shall charge for examination and certificate such fee as may be necessary to meet the actual expenses of such examination and issuing of such certificate, and shall report annually the receipts and expenses under the provisions of this act to the state comptroller, and the surplus, if any, of receipts over expenses shall be paid into the state treasury. The governor may revoke any certificate issued under the provisions of this act for a sufficient cause; provided written notice shall be given to the holder thereof, and after he has had an opportunity for a hearing thereon.

SEC. 5. The board of examiners may in its discretion waive the examination of any person possessing the qualifications mentioned in section 1 of this act, who shall have been at the time of the passage of this act practising in this state as a public accountant on his own account, and who shall apply in writing to said board for such certificate within one

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year after the passage of this act, and upon the recommendation of said board the governor shall issue said certificate to such person.

SEC. 6. Any person who shall violate any of the provisions of this act shall be deemed guilty of a misdemeanor, and upon conviction thereof in any court having criminal jurisdiction shall be fined not less than fifty dollars nor more than two hundred dollars, or be confined not more than six months in the county jail—if the conviction takes place in Baltimore City, in the Baltimore City jail—in the discretion of the court.

SEC. 7. And be it enacted, that this act shall take effect from the date of its passage.

MASSACHUSETTS.

AN ACT TO PROVIDE FOR THE REGISTRATION OF PUBLIC ACCOUNTANTS.

(Approved May 17, 1909.)

Be it enacted, etc., as follows:

SECTION 1. The bank commissioner shall have charge of the registration of public accountants, shall make such rules as are necessary to carry out the provisions of this act, and shall keep a record of all certificates issued hereunder, a duplicate of which shall be open to inspection in the office of the secretary of the commonwealth.

SEC. 2. The said commissioner shall examine any citizen of the United States resident in the commonwealth and not less than twenty-one years of age, who may apply for such a certificate, shall investigate his character and fitness and shall require the payment of such a reasonable and fixed fee, not exceeding twenty-five dollars, as may be necessary in his opinion to carry out the provisions of this act.

SEC. 3. Any applicant whom said commissioner deems to have the necessary qualifications and professional ability shall be registered as a public accountant, and shall receive a certificate thereof, good for one year from its date. Said certificate may be renewed from year to year upon the payment of five dollars for each renewal. Said commissioner shall have power, after notice and a hearing, to suspend or revoke for good cause any certificate issued by him.

SEC. 4. Any person who falsely represents himself to be a public accountant, registered under the provisions of this act, shall be deemed guilty

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of a misdemeanor, and shall be punished by a fine not exceeding five hundred dollars, or by imprisonment for a term not exceeding six months, or by both such fine and imprisonment.

SEC. 5. This act shall take effect on the first day of October in the year nineteen hundred and nine.

AN ACT RELATIVE TO PUBLIC ACCOUNTANTS.

(Approved March 22, 1910.)

Be it enacted, etc., as follows:

SECTION 1. Public accountants who have been or may be registered under the provisions of chapter three hundred and ninety-nine of the acts of the year nineteen hundred and nine shall be entitled to style themselves "certified public accountants."

SEC. 2. The fees received from applicants for registration as public accountants shall be used, so far as may be needful, for the payment of expenses incurred in carrying out the provisions of said chapter three hundred and ninety-nine.

SEC. 3. This act shall take effect upon its passage.

Rules for the Registration of Public Accountants.

1. All applications shall be filed with the bank commissioner at least one week prior to the taking of an examination, and will be referred to a board of examiners appointed by the bank commissioner.

2. Applications will not be considered until they are completely and properly filled out.

3. The names of unsuccessful applicants, or reasons for decisions on applications, will not be made public.

4. The applicant must be of good moral character and repute.

5. The applicant shall pass a satisfactory examination on the following subjects: Theoretical and practical accounting and auditing, commercial law as applicable to accounting.

6. The examiners will prescribe the extent of the examination, the answers to which shall be submitted in writing.

7. The examiners, in their discretion, may secure such additional information, bearing upon the fitness of applicants, as they consider necessary.

8. Examinations shall take place as often as may be deemed necessary in the judgment of the examiners, or of the bank commissioner, but not less frequently than once in each year if there be applicants.

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9. Questions and answers will not be made public, and all papers shall remain the property of the examiners and will not be open for inspection.

10. In the event of an applicant failing to pass, a re-examination may be given within such period as the examiners or the bank commissioner may determine.

MICHIGAN

(Original act approved May 4, 1905. Substitute act approved May 7, 1913.)

AN ACT TO ESTABLISH A BOARD OF ACCOUNTANCY, TO PROVIDE FOR THE GRANTING OF CERTIFICATES TO THOSE PUBLIC ACCOUNTANTS WHO QUALIFY UNDER THE PROVISIONS OF THIS ACT AND TO PROVIDE A PENALTY FOR VIOLATION THEREOF.

The People of the State of Michigan enact:

Section 1. Any person, residing or having a place for the regular transaction of business in the state of Michigan, being over the age of twenty-one years, of good moral character, who shall have received from the governor of the state of Michigan a certificate of his qualifications to practise as a public accountant as hereinafter provided, shall be styled and known as a certified public accountant, and no other person shall assume such title or use the abbreviation C. P. A., or any other words, letters or figures to indicate that the person using the same is such certified public accountant.

Sec. 2. Within thirty days after this act takes effect, the governor shall appoint three persons to constitute and serve as a board of accountancy. Two members of this board first appointed shall be selected by the governor from a list of the names of public accountants who have been practising in the state of Michigan for a period of at least one year, one of whom shall be appointed for a term ending January one, nineteen hundred and fourteen, and one for a term ending January one, nineteen hundred and sixteen, and upon the expiration of each of said terms and of each succeeding term, a member shall be appointed for a term of three years: provided, that the successors to the first two members who are public accountants shall be selected from the holders of certificates under this act. One member of this board shall be a practising attorney, in good standing in the courts of the state of Michigan, appointed in the first instance for a term ending January one, nineteen hundred and fifteen, and upon expiration of said term, and of any succeeding term, a member shall be appointed for a term of three years, such successors to be practising attorneys in good standing as hereinbefore mentioned. Any vacancies that may occur from any cause shall be filled by the governor for the unexpired term under the same conditions that govern regular appoint-

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ments, and every member shall hold office until his successor is appointed. The governor shall be an *ex-officio* member of this board.

Sec. 3. The board of accountancy shall formulate rules for its guidance, not inconsistent with the provisions of this act. Satisfactory evidence of good moral character shall be required from each applicant for his certificate. Meetings of said board of accountancy shall be held at least twice each year and the time and place for holding said meetings shall be advertised at least three consecutive days in a daily newspaper published in Detroit, Grand Rapids, Saginaw, Marquette and Houghton at least thirty days prior to the date for such meetings, and notice of the same shall be mailed to all applicants for certificates under this act. Applicants must have completed at least a high school course of study, or have received an equivalent education, prior to the date of application and must have had at least two years' continuous practical experience in public accounting immediately preceding the date of application, the efficiency of such experience to be judged by the board. Applicants, when so required, must appear in person before the board to answer any question, or produce any evidence to sustain such facts as may be necessary to determine the qualifications of the applicant as prescribed by this act and the rules of the board. A filing fee of twenty-five dollars for each applicant payable to the treasurer of the board shall accompany all applications for certificates under this act and the members of the board shall receive as compensation for their services, ten dollars per day for the time actually spent and the necessary expenses incurred in the discharge of their duties as members of said board; *provided, however*, that all compensation for services and expenses shall not exceed the amounts received as fees from applicants. All bills for expenses and salaries shall be allowed only in open meeting of the board and shall be paid from fees received under the provisions of this act. All money received in excess of payments shall be paid into the state treasury at the end of each year and so much thereof as shall be necessary to meet the current expenses of said board shall be subject to the order thereof, if in any year the receipts of said board shall not be equal to its expenses. The board shall make an annual report to the governor containing a full account of its proceedings, and render an annual financial account to the board of state auditors. The board shall maintain a register of the names and addresses of all persons applying for and receiving certificates under this act. The board shall recommend to the governor of the state for C. P. A. certificates only those applicants who shall meet the full requirements as called for by the rules of the board and who have complied with the requirements of this act. The provisions of this act shall not be construed to invalidate any certificate heretofore granted under act number ninety-two of the public acts of nineteen hundred and five.

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Sec. 4. The governor shall issue certificates to the persons who are recommended to him by the board of accountancy as having qualified under the provisions of this act. The governor may revoke any certificate for sufficient cause, after written notice to the holder thereof, and a hearing thereon and shall issue such notice whenever requested to by the board.

Sec. 5. The board of accountancy may in its discretion register the certificate of any certified public accountant who is a lawful holder of a C. P. A. certificate issued under the law of another state, and may issue to such certified public accountant a certificate of registration, which certificate shall entitle the holder to practise as such certified public accountant, and to use the abbreviation C. P. A. in the state: *provided, however*, that such other state extend similar privileges to certified public accountants of this state. The regular fee of twenty-five dollars shall be charged for such certificate. Certificates of registration may be canceled in the same manner as sections four and seven provide for the revoking or lapsing of certificates issued under this act. No certificate of registration shall be issued until all the provisions of section seven of this act shall be complied with.

Sec. 6. If any person shall hold himself out to the public as having received a certificate, as provided in this act, or shall assume to practise as certified public accountant, or use the abbreviation C. P. A. or any other letters, words or figures to indicate that the person using the same is such certified public accountant, without having received such certificate, or after the same shall have been revoked, or suspended because of any lapse of the surety bond as provided in section seven hereof, he shall be deemed guilty of a misdemeanor, the penalty for which shall be a fine of not more than five hundred dollars for each offense or imprisonment in the county jail for a period not exceeding six months.

Sec. 7. Every person prior to receiving a certificate under the provisions of this act, shall give a five thousand dollar surety bond to the secretary of state before entering upon his duties for the faithful performance of the same and shall maintain such surety bond without lapses under penalty of automatic revocation of his certificate concurrent with any lapse of said bond: *provided, however*, that said certificate shall automatically become of full force and effect at any future date by the filing of such a bond after any period so lapsed. All audit reports signed as certified public accountant must bear the date of his C. P. A. certificate and the date of expiration of said surety bond and shall be signed only by actual holders of certificates under this act in person, and any corporation, association, company, firm or partnership signatures thereto will be considered as a violation of this act and subject to prosecution therefor and the signature of such C. P. A. so affixed to any audit report shall be permitted only to

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such C. P. A. having performed the examination in person. Whenever any typewritten, stereotyped, lithographed, engraved, printed or written matter is issued either in the form of letters, circulars, audit reports, or otherwise indicating C. P. A. service, it shall be considered a violation of this act unless the signature thereto shall be that of a holder of a certificate issued as herein provided.

Sec. 8. All acts or parts of acts in any wise inconsistent herewith are hereby repealed.

MINNESOTA.

AN ACT CREATING A STATE BOARD OF ACCOUNTANCY, PRESCRIBING ITS POWERS AND DUTIES, PROVIDING FOR EXAMINATIONS AND ISSUING OF CERTIFICATES TO QUALIFIED PUBLIC ACCOUNTANTS, AND PROVIDING PENALTIES FOR VIOLATIONS OF THE PROVISIONS OF THIS ACT.

(Approved April 22, 1909.)

Be it Enacted by the Legislature of the State of Minnesota:

SECTION 1. That a board of examiners, to be known as the state board of accountancy, is hereby created to carry out the purposes and enforce the provisions of this act. Said board shall consist of three citizens of this state to be appointed by the governor and who, with the exception of the members first to be appointed, shall be the holders of certificates issued under the provisions of this act and shall hold office for the term of three years and until their successors are appointed and qualified.

The first members of said board shall be skilled in the practice of accounting and shall for a period of three years next preceding their appointment have been actively engaged therein, in this state, on their own account, and shall hold office, one for the term of three years from the date of his appointment, one for the term of two years, and one for the term of one year. The term of office of each is to be designated by the governor in his appointment, and upon expiration of each term of its members the governor shall appoint one member of said board as herein provided for a term of three years.

SEC. 2. The persons appointed as members of this board shall meet and organize within thirty (30) days after their appointment. A majority of said board shall constitute a quorum. They shall appoint one of their number as a chairman, another as a secretary, and another as treasurer, or may appoint one member to serve as both secretary and treasurer, and said officers shall hold their respective offices for a term of one year and until their successors are elected. In the absence of the chairman or secretary, the board may appoint a chairman pro tem., or a temporary secretary. The affirmative vote of two members of said board shall be considered as the action of said board.

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Said board shall enforce the standard of special education in the science and art of accounting, the standard of moral character and general public experience as prescribed in this act in all examinations conducted hereunder.

The board shall make rules and regulations for the conduct of applicants' examinations and the character of such examinations and scope, the method and time of filing applications for examinations and their form and contents and all other rules and regulations proper to carry into effect the purposes of this act.

All such examinations shall be conducted by said state board of accountancy. The time and place of holding examinations shall be advertised for not less than three (3) consecutive days in one daily newspaper, published in each of the counties where the examinations are to be held, and not less than twenty (20) days prior to the date of each examination. The examinations shall take place as often as may be convenient in the opinion of the board, but not less than once in each year. Said board shall keep records of their proceedings, an accurate list of all applications made, certificates issued, certificates registered and certificates revoked, and shall keep proper financial records in which there shall be entered a complete statement of the cash receipts and disbursements of said board.

Said board shall adopt and provide itself with a seal with a band inscribed, *Certified Public Accountant, State of Minnesota*, with the coat of arms of Minnesota in the center, and said seal shall be affixed to each certificate issued or registered under this act.

All records of said board shall be open to the inspection of the public at the office of the secretary of the board.

Said board shall report annually to the governor in the month of December, as follows:

- (a) Its receipts and disbursements.
- (b) Names of persons to whom certificates have been issued.
- (c) Names of all persons whose certificates have been revoked.
- (d) Recommendations, if any, for new legislation, and such other matters as the board may deem proper.

SEC. 3. No certificate for a certified public accountant shall be granted to any person other than a citizen of the United States, or person who has, in good faith, duly declared his intention of becoming such citizen, and is over the age of twenty-one (21) years and of good, moral character, and (except under the provisions of section 4 of this act) who shall have successfully passed an examination in "accounting," "auditing," and "commercial law" affecting accountancy, and on such other subjects as the board may deem advisable.

No person shall be permitted to take such examination unless he shall for a period of at least three (3) years have been employed in the office of a "public accountant" as an assistant or shall have been practising as

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a public accountant on his own account and who shall not at least three (3) years prior to the date of said examination have successfully passed an examination in such subjects as may be prescribed by the board, touching his general education, qualifications and fitness for an accountant; provided, that said board may, in its discretion, waive the preliminary examination of an applicant who, in its opinion, has had a general education equivalent to that which may be prescribed by its rules and is otherwise qualified.

SEC. 4. Said state board of accountancy may, in its discretion, waive the examination of, and may issue a certificate for, certified public accountant, to any person possessing the qualifications mentioned in section 3 of this act, who

- (1) Is the holder of a C. P. A. certificate, issued under the laws of another state which extends similar privileges to certified public accountants of this state, provided the requirements for said degree in the state which has granted it to the applicant are, in the opinion of the state board of accountancy, equivalent to those herein provided; or who
- (2) Shall be the holder of a degree of certified public accountant or chartered accountant, or the equivalent thereof, issued by any foreign government, provided that the requirements for such degree are equivalent to those herein provided for the degree of certified public accountant; or who,
- (3) For more than three (3) consecutive years next preceding the passage of this act shall have been practising in this state on his own account as a public accountant, and who shall apply in writing to the board for such certificate within six months after the passage of this act.

SEC. 5. Any person who has received from said state board of accountancy a certificate of his qualifications to practise as a public accountant as herein provided shall be known and styled a "certified public accountant," and no other person, and no partnership, all of its members who have not received such certificate, and no corporation shall assume such title or the title of "certified accountant," or the abbreviation, "C. P. A.," or any other words, letters or abbreviations tending to indicate that the person, firm or corporation so using the same is a certified public accountant.

SEC. 6. Said state board of accountancy shall charge for each examination and certificate provided for in this act a fee of twenty-five (\$25.00) dollars to meet the expenses of such examination. This fee shall be payable by the applicant at the time of making his initial application and shall not be refunded and no additional charge shall be made for the issuance of a certificate to any applicant.

From the fees collected under this act, the board shall pay all expenses incident to the examinations, hearings and expense of issuing certificates,

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traveling expenses of the members of the board while performing their duties under this act; provided, that no expense incurred under this act shall be a charge against the funds of this state.

The members of said state board of accountancy shall be paid all necessary expenses incurred in the performance of the duties under this act.

SEC. 7. Said state board of accountancy may revoke any certificate issued under this act or may cancel the registration of any certificate issued under this act for bad moral character, dishonesty, conviction of crime, incompetency or unprofessional conduct; provided, a written notice shall have been mailed to the holder of such certificate at least twenty (20) days before any hearing thereon, stating the cause for such contemplated action and appointing a time and place for a hearing thereon by the state board of accountancy, and further provided, that no certificate issued under this act shall be revoked until an opportunity for such hearing shall have been afforded.

At all such hearings, the attorney-general of this state, or one of his assistants designated by him shall attend.

Certificates issued or registered under this act shall be surrendered to the state board of accountancy on their revocation by said board.

SEC. 8. Any violation shall be a "gross misdemeanor."

SEC. 9. This act shall take effect and be in force from and after its passage.

MISSOURI.

AN ACT REGULATING THE PRACTICE OF PUBLIC ACCOUNTING; CREATING A BOARD OF ACCOUNTANCY; PROVIDING FOR THE GRANTING OF CERTIFICATES AND THE REGISTRATION OF CERTIFIED PUBLIC ACCOUNTANTS; PROVIDING FOR EXAMINATIONS, THE SUSPENSION OR REVOCATIONS OF CERTIFICATES ISSUED BY THE BOARD; PRESCRIBING THE QUALIFICATIONS OF PERSONS ENTITLED TO CERTIFICATES AS CERTIFIED PUBLIC ACCOUNTANTS, CREATING (DEFINING) MISDEMEANORS FOR A VIOLATION OF THE PROVISIONS HEREOF, AND PRESCRIBING THE PUNISHMENT (PENALTY) THEREFOR.

(Approved August 15, 1909.)

Be It Enacted by the General Assembly of the State of Missouri, as Follows:

SECTION 1. Any citizen of the United States, or person who has declared his intention of becoming such, having a place for the regular

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transaction of business as a professional accountant in the state of Missouri, and who, as in this act required, shall have received from the secretary of state for the state of Missouri a certificate of his qualifications to practise as a public accountant, as hereinafter provided, shall have the authority to style himself and be known as a certified public accountant and to use the abbreviated title C. P. A. for and during the term mentioned in his certificate.

SEC. 2. The governor shall, within thirty days after the taking effect of this act, appoint five persons, who shall constitute the board of accountancy, each member of which shall have been engaged in the reputable practice as a public accountant for a continuous period of three years immediately preceding the passage of this act, one of which shall have been in the state of Missouri. The persons first appointed shall hold office for one, two, three, four and five years, respectively. Upon the expiration of each of said terms, a member, who shall be a holder of a certificate issued under this act, shall be appointed for a term of five years.

SEC. 3. The board of accountancy, the majority of which shall in all cases have the powers of the board, shall determine the qualifications of persons applying for certificates under this act, and shall make rules for the examination of same, which shall embody the following:

- (a) Examinations shall be held by the board at least once in each year, at such times and places as may be determined by them. The time and place of holding such examinations shall be advertised for not less than three consecutive days, not less than thirty days prior to the date of each examination, in at least two daily newspapers printed and published in this state. The examination shall be in "theory of accounts," "practical accounting," "auditing" and "commercial law as affecting accountancy."
- (b) Applicants for certificates before taking the examination must produce evidence satisfactory to the board that they are over twenty-five years of age, of good moral character, a graduate of a high school with a four-years' course, or have an equivalent education, or pass an examination to be set by the board, and that they have had at least three years' practical accounting experience.
- (c) After the examination provided by this act the board shall, if in its judgment the applicants be entitled thereto, certify to the secretary of state the name and address of each person to be registered and to whom certificates of registration are to be issued. It shall thereupon be the duty of the secretary of state to register such persons as certified public accountants, and to issue to them certificates of registration. The secretary of state shall be entitled to receive \$2.50 for each

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registration and certificate issued, to be paid out of the funds accumulated by this act.

- (d) In the event the board shall waive the examination of any person of competent age, as in this act provided, the name of such person shall likewise be certified to the secretary of state, who shall likewise register such person and issue such certificate upon payment of the fees required hereunder.
- (e) All applications must be filed with the board of accountancy and be accompanied by the following fees:
 - For examination or recommendation for waiver of same, as provided in section 4.....\$25.00
 - For registration under section 5..... 25.00
 - For issuance of certificate..... 10.00

Provided, however, that in the event any candidate fails to pass the required examination, he shall be entitled to take a second examination, within one year after the date of the examination at which he failed to pass, without paying a second fee.
- (f) From fees collected the board shall pay all expenses incident under this act: *provided*, that no expense incurred shall be a charge against the funds of the state, and that the remuneration of each examiner shall not exceed the sum of five dollars per day while engaged in their duties as such, exclusive of the necessary traveling and other expenses, to which they shall also be entitled, *provided, however*, that all moneys received in excess of the fees and expenses herein provided for shall be held by the treasurer of said board as a special fund for other like expenses of said board in carrying out the provisions of this act, but said treasurer shall file a report with the governor at the close of each calendar year showing the amount of moneys received during said year, the amount expended, and for what purpose, and also the total balance remaining in his hands, which report shall be subscribed and sworn to by said treasurer.
- (g) The board shall annually elect from its number a president, secretary and treasurer, and all certificates required to be executed for and on behalf of the board shall be certified over the signatures of the president and secretary.

SEC. 4. The board may, in their discretion, waive the examination of any person of competent age, of good moral character, and who has been engaged in reputable practice as a public accountant for a continuous period of three years, one of which shall have been in the state of Missouri, immediately preceding the passage of this act, or who has been employed as an accountant by reputable firms of accountants for a continuous period of five years immediately preceding the passage of this act, one of which shall have been in the state of Missouri, and who shall

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apply in writing to the board for such certificate within six months after the taking effect of this act.

SEC. 5. The board may, in their discretion, issue a certificate to the secretary of state to the effect that any person who is the lawful holder of a certified public accountant's certificate issued under the law of another state which provided for similar registration, and which established a standard of qualification as high as that required under this act, and upon the reception of such certificate, the secretary of state shall issue to such person a certificate of registration, which shall entitle the holder to practise as such certified public accountant, and to use the abbreviation C. P. A. in this state.

SEC. 6. The board may revoke or cancel the registration of any certificate issued under this act for unprofessional conduct of the holder or other sufficient cause, provided, that written notice shall have been mailed to the holder of such certificate at least twenty days before any hearing thereon, stating the cause of such contemplated action and appointing a day for full hearing thereon by the board; and provided further, that no certificate issued under this act shall be revoked until such hearing shall have been held or the opportunity for such afforded the person charged. In the event of the revocation, cancellation or suspension of any such certificate, the board shall notify the secretary of state of its action in the premises, and the secretary of state shall note such order of the board upon the record kept in his office.

SEC. 7. If any person represents himself to the public as having received a certificate as provided in this act, or shall assume to practise as a certified public accountant, or use the abbreviation C. P. A., or any similar words or letters to indicate that the person using the same is a certified public accountant, without having received such certified public accountant certificate, or without having received a registration certificate, as provided in this act, and having thereafter been deprived of such certificate by revocation, as herein provided, shall continue to practise and hold himself out as a certified public accountant, he shall be deemed guilty of a misdemeanor. and upon conviction thereof, shall be fined a sum of not less than fifty dollars nor more than five hundred dollars for each offense, and each day such person shall so offend shall be deemed a separate offense. Nothing in this act shall be construed to prohibit any person from practising as a public or expert accountant in this state, but said act shall apply to such persons as practise and hold themselves out to be certified public accountants.

SEC. 8. If any person practising in the state of Missouri as a certified public accountant, under this act, or who is in the practice of public accountancy as a certified public accountant, or otherwise, shall wilfully falsify any report or statement bearing on any examination, investigation or audit made by him, or under his direction, he shall be deemed guilty of a misdemeanor, and upon conviction thereof, shall be punished by a

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fine of not less than one hundred dollars, nor more than one thousand dollars or shall be imprisoned in the county or city jail for a term not less than three months, nor more than one year, or both such fine and imprisonment for each time he may so falsify such reports.

MONTANA.

AN ACT TO REGULATE THE PRACTICE OF THE PROFESSION OF PUBLIC ACCOUNTING.

(Approved February 27, 1909.)

Be it enacted by the Legislative Assembly of the State of Montana:

SECTION 1. That any person having been granted by the university of Montana (a corporation organized and existing under the laws of this state and hereinafter referred to as the "university") a certificate of his competency to practise as a public expert accountant shall be known as, and styled, a "certified public accountant" and shall be authorized to use the initials "C. P. A." after his name; and no person who has not received such certificate, nor any partnership all the members of which have not received such certificates, and no corporation shall assume such title or the title "certified accountant" or "chartered accountant" or the letters "C. P. A." or "C. A." or any other words or letters or abbreviations tending to, or intended to, indicate that the persons, firm or corporation using them is a certified public accountant within the meaning of this act.

SEC. 2. The university shall, through a board of examiners by it appointed, determine the qualifications of all applicants for a certificate under this act. The board of examiners shall consist of three persons skilled in the knowledge, theory and practice of accounting in all its branches and in commercial law as affecting accountancy, each one of whom shall be the holder of the degree of "certified public accountant" granted to him under this act or be entitled to receive the degree without examination in accordance with the purport and intent of clause (3) of section 4 of this act. The examiners shall hold office for the period of three years and until their successors are appointed and qualified; except that of the three examiners first appointed under this act, one shall hold office for one year and one for two years.

SEC. 3. A certificate as a "certified public accountant" shall be granted to any person, a citizen of the United States or having in good faith and in the manner required by law declared his intention of so becoming, of the age of twenty-one years, of good moral character, a graduate of an accredited high school or having an equivalent education, and (except under the provisions of section 4 of this act) who shall have been certified to the university by the said board of examiners as

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having successfully passed: (a) a written examination in "theory of accounts," "practical accounting," "auditing," "commercial law as affecting accountancy" and such other subjects as the university may designate, and (b) an oral examination of sufficient scope, thoroughness and severity to test and determine the fitness of the examinee to practise as a professional accountant. Any person shall be eligible to and permitted to take such examination who has had three years' practical experience in accounting acquired (a) practising on his own account, or (b) in the office of a public accountant, or (c) in a responsible accounting position in the employ of a business corporation, firm or individual. All such examinations shall be conducted by the board of examiners herein provided for, and not less than thirty days prior to the date of each examination the time and place of holding it shall be noticeably advertised for not less than three consecutive days in three representative daily newspapers published in the state. The examinations shall take place as often as, in the opinion of the university, may be necessary, but not less frequently than once each year. The university shall make all needful rules and regulations regarding the conduct, character and scope of the examinations, the method and time of filing, and the form and contents of applications therefor and all other rules and regulations necessary to carry into effect the purposes of this act.

SEC. 4. Upon the recommendation of the board of examiners the university may in its discretion waive the examination of, and issue the degree of certified public accountant to, any person, a citizen of the United States or having in good faith and in the manner required by law declared his intention of so becoming, a resident of the state of Montana or maintaining a regular place of business therein, who is, (1) the holder of a C. P. A. certificate issued under the laws of another state which extends like privileges to certified public accountants of this state; provided the requirements for said degree in said other state are, in the opinion of the board of examiners, equivalent to those herein stipulated, or (2) the holder of the degree of "certified public accountant" or "chartered accountant" or the equivalent thereof issued in any foreign government; provided that the requirements for said degree in said foreign government are, in the opinion of the board of examiners, equivalent to those herein stipulated, or (3) of the age of twenty-five years, of good moral character, a graduate of an accredited high school or having an equivalent education, who has had at least three years' experience in the practice of public accounting in this state and whose qualifications are in every respect equal to those assumed and implied by the successful passing of the examination stipulated in section 3 of this act, who is personally known to the board of examiners to be so qualified as a competent and skilled accountant in theory and in practice and who shall apply in writing to the university for said certificate within one hundred and eighty days after the passage of this act.

SEC. 5. The university may for unprofessional conduct or for other sufficient cause revoke, or cancel the registration of any certificate issued

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under this act; provided that written notice of the cause for such contemplated action and the date of the hearing thereon by the university shall have been mailed to the holder of such certificate at least thirty days before said hearing and no certificate issued under this act shall be revoked until said hearing shall have been held.

SEC. 6. Each candidate for the examinations provided for in this act and each applicant for a certificate under section 4 of this act shall pay in advance to the university a fee of twenty-five dollars (\$25.00) to defray the expenses of such examination; except that any candidate failing to pass the required examination shall be entitled to take a second examination without further fee. The examiners appointed under the provisions of this act shall be reimbursed for all legitimate traveling and hotel charges expended in the performance of their duties as such, but shall not receive any compensation for their time likewise expended. From the fees collected under this act the university shall pay all the expenses of, and incident to the examinations, the expenses of issuing certificates and the traveling and hotel expenses of the examiners while performing their duties under this act, and at the close of each calendar year any surplus remaining after the payment of the year's expenses shall become the property of the university and in no event shall any expense incurred under this act be a charge against the funds of the university nor of the state.

SEC. 7. If any person shall falsely represent himself to the public as having the certificate provided for in this act, or shall assume to practise as a certified public accountant without having received such certificate, or having received such certificate shall thereafter lose it by revocation and shall continue to practise as a certified public accountant, or shall without warrant of law use such title or any other title mentioned in section 1 of this act, or if any person shall violate any of the provisions of this act, he shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in a sum not less than one hundred dollars (\$100.00) nor more than five hundred dollars (\$500.00), or imprisoned in the county jail for a period of not less than one month nor more than six months, or both, in the discretion of the court, for each day during which he shall so unlawfully practise or violate any of the provisions of this act.

SEC. 8. This act shall take effect from and after its passage and approval by the governor.

NEBRASKA

(Act approved April 3, 1909.)

Be it enacted by the Legislature of the State of Nebraska:

SECTION 1. Any citizen of the United States, or person who has duly declared his intention of becoming such citizen, residing or having a place for the regular transaction of business in the state of Nebraska, being

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over the age of twenty-one years and of good moral character, and who shall have received from the governor of the state of Nebraska a certificate of his qualification to practise as a public expert accountant, as hereinafter provided, shall be styled and known as a certified public accountant; and no other person shall assume such title, or use the abbreviation "C. P. A." or any other words, letters or figures to indicate that the person using the same is such a certified public accountant.

SEC. 2. The board of examiners for the examination of persons applying for certificates under this act shall consist of three members, one of whom shall be the auditor of public accounts and two shall be certified public accountants of the state of Nebraska to be appointed by the governor upon the approval of this act. One of said examiners shall be appointed for the term of one year and one for the term of two years, and upon the expiration of said terms a successor shall be appointed annually for the term of two years.

SEC. 3. Examinations of persons applying for certificates under this act shall be held at least once a year, at such time and place as may be determined by the board and the subject of examination shall be the regular questions as furnished by the national association of certified public accountants. The results of such examination shall be certified to the governor, and to all persons who may have passed the examination satisfactory to said board of examiners, the governor shall issue the certificate mentioned in the first section of this act.

SEC. 4. The board of examiners shall charge for examination and certificate such fee as may be necessary to meet actual expenses of such examination and issuing of such certificate, and shall report annually the receipts and expenses under the provisions of this act to the governor, and the surplus, if any, of receipts over expenses shall be paid into the state treasury. The governor may revoke any certificate issued under the provisions of this act for a sufficient cause; provided written notice shall have been given to the holder thereof, and after he has had an opportunity for a hearing thereon.

SEC. 5. Upon the passage of this act the members, in good standing, of the Nebraska state association of public accountants shall be recognized as certified public accountants and receive certificates as provided for in section 1 of this act, and said association shall thereupon be authorized to change the title of their organization accordingly.

SEC. 6. Any person who shall violate any of the provisions of this act shall be deemed guilty of a misdemeanor, and upon conviction thereof in any court having criminal jurisdiction shall be fined not less than fifty dollars nor more than two hundred dollars, or be confined not more than six months in the county jail for each offense.

NEVADA

AN ACT TO CREATE A STATE BOARD OF ACCOUNTANCY AND PRESCRIBE ITS POWERS AND DUTIES; TO PROVIDE FOR THE EXAMINATION OF AND ISSUANCE OF CERTIFICATES TO APPLICANTS, WITH THE DESIGNATION OF CERTIFIED PUBLIC ACCOUNTANTS, TO PROVIDE FOR EXAMINATION OF STATE, COUNTY, AND CITY ACCOUNTS, AND TO PROVIDE THE GRADE OF PENALTY FOR VIOLATIONS OF THE PROVISIONS HEREOF.

(Approved March 24, 1913.)

The People of the State of Nevada, represented in Senate and Assembly, do enact as follows:

SECTION 1. Within thirty days after the approval of this act the governor shall appoint three persons, at least two of whom shall be competent and skilled accountants who shall have been in practice as such in this state for not less than one year, to constitute and serve as a state board of accountancy. The members of such board shall, within thirty days after their appointment, take and subscribe to the oath of office as prescribed by the laws of Nevada, and file the same with the secretary of state. They shall hold office for three years, and until their successors are appointed and qualified; save and except that one of the members of the board first to be appointed under this act shall hold office for one year; one for two years, and one for three years. Any vacancies that may occur from any cause shall be filled by the governor for the unexpired term; *provided*, that all appointments made after the first year must be made from the roll of certificates issued and on file in the office of the secretary of state.

SEC. 2. The state board of accountancy shall have its principal office in the city of Reno, and its powers and duties shall be as follows:

1. To formulate rules for the government of the board and for the examination of and granting of certificates of qualification to persons applying therefor;

2. To hold written examinations of applicants for such certificates, at least semi-annually, at such places as circumstances and applications may warrant;

3. To grant certificates of qualification to such applicants as may, upon examination, be found qualified in theory of accounts, practical accounting, auditing, and commercial law to practise as certified public accountants;

4. To charge and collect from all applicants such fee, not exceeding twenty-five dollars, as may be necessary to meet the expenses of examination, issuance of certificates and conducting its office; *provided*, that

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all such expenses, including not exceeding ten dollars per day for each member while attending the sessions of the board or conducting examinations, must be paid from the current receipts, and no portion thereof shall ever be paid from the state treasury;

5. To require the annual renewal of all such certificates, and to collect therefor a renewal fee of not exceeding ten dollars;

6. To revoke for cause any such certificate, after written notice to the holder, and a hearing being had thereon;

7. To report annually to the secretary of state, on or before the first day of December, all such certificates issued or renewed, together with a detailed statement of receipts and disbursements; *provided*, that any balance remaining in excess of the expenses incurred, may be retained by the board and used in defraying the future expenses thereof;

8. The board may in its discretion, under regulations provided by its rules, waive the examination of applicants possessing the qualifications mentioned in section 3, who shall have been for more than one year prior to the passage of this act practising in this state as public accountants on their own account, who shall in writing apply for such certificates within six months.

SEC. 3. Any citizen of the United States, or any person who has duly declared his intention of becoming such citizen, residing and doing business in this state, being over the age of twenty-one years and of good moral character, may apply to the state board of accountancy for examination under its rules, and for the issuance to him of a certificate of qualification to practise as a certified public accountant, and upon the issuance and receipt of such certificate, and during the period of its existence, or of any renewal thereof, he shall be styled and known as a certified public accountant or expert of accounts, and no other person shall be permitted to assume and use such title or to use any words, letters or figures to indicate that the person using the same is a certified public accountant.

SEC. 4. When required by law, or otherwise, that examination be made of the books, records or accounts of any officer, department or public institution of the state of Nevada, or of any city or county therein, such examination shall be made by a certified public accountant, duly qualified as such, under the provisions of this act.

SEC. 5. Any violation of the provisions of this act shall be deemed as a misdemeanor.

NEW JERSEY.

**AN ACT TO REGULATE THE PRACTICE OF THE PROFESSION
OF PUBLIC ACCOUNTANTS.**

(Approved April 5, 1904.)

Be it enacted by the Senate and General Assembly of the State of New Jersey:

1. Within sixty days after the passage of this act the governor of the state of New Jersey shall appoint three persons, who shall be public accountants residing in the state of New Jersey, and who have been engaged in the practice of their profession for at least three years; the said three persons shall constitute the New Jersey state board of public accountants, one of whom shall be appointed to hold office for one year, one shall be appointed to hold office for two years and one shall be appointed to hold office for three years.

2. Upon the expiration of the term of each member, the governor shall appoint his successor from among the certified public accountants of the state of New Jersey for a term of three years, in like manner as the previous appointments; each member shall hold over after the expiration of his term until his successor shall have been duly appointed and qualified.

3. Any vacancy occurring in the membership of the state board of public accountants shall be filled for the balance of the unexpired term in like manner; the members of the board shall serve without compensation for their services, except as hereinafter provided.

4. The members of the New Jersey state board of public accountants shall, before entering upon the discharge of their duties, and within thirty days after their appointment, take and subscribe an oath before any officer authorized to administer oaths in the state, for the faithful performance of duty, and file the same with the secretary of state; they shall annually elect from their board a president, a secretary and a treasurer; the offices of secretary and treasurer may, by vote of the board, be consolidated and held by one person; the officers shall receive such compensation for their services as may be determined by the board, as hereinafter provided.

5. The board may adopt all necessary rules, regulations and by-laws to govern its proceedings, not inconsistent with the laws of this state or of the United States; the board may adopt a seal, and the secretary shall have the care and custody thereof, and shall keep a record of all the proceedings of the board, which shall be open to public examination.

6. Two members of the board shall constitute a quorum.

7. The board may adopt rules and regulations for the examination and registration of applicants desiring to practise the profession of public

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accountant, in accordance with the provisions of this act, and may amend, modify and repeal such regulations from time to time.

8. The board shall immediately, upon the election of each officer thereof, and upon the adoption, repeal or modification of the rules and regulations for the registration of applicants, file with the secretary of state and publish in at least one daily newspaper in the state the name and post office address of each officer and a copy of such rules and regulations or the amendment, repeal or modification thereof.

9. Provision shall be made by the state board of public accountants for holding examinations at least twice a year of applicants, for registration to practise the profession of public accountant, if there shall be any such applicants; and the governor, upon the recommendation of the state board of public accountants, shall have the power to issue to any citizen of the United States, residing in or having a place for the regular transaction of business in the state of New Jersey, who shall be over the age of twenty-one years and of good moral character, a certificate authorizing him to practise as a public expert accountant, and such person shall be styled and known as a "certified public accountant."

10. The governor may, in his discretion, on the written recommendation of the board, waive the examination of any person possessing the qualifications mentioned in section nine of this act, and issue to said person a certificate; provided he shall have practised for more than three years before the passage of this act as a public accountant in this state, and shall apply in writing for such certificate within one year after passage of this act.

11. The board of examiners may, in their discretion, waive the examination of any person who shall at the time of his application reside or have a place for the regular transaction of business in the state, and shall hold a valid and unrevoked certificate as a certified public accountant, issued by or under the authority of any state or territory; provided, that the state issuing the original certificate grants similar privileges to the certified public accountants of this state.

12. Before any such certificate shall be issued to any applicant therefor, he shall pay to the treasurer of the state board of public accountants the sum of \$25.

13. The governor may, upon recommendation of the board, revoke any certificate theretofore issued by him; provided, that said recommendation be made after a hearing thereon before said board, due notice of which shall be given to the holder thereof, and for sufficient cause shown in said hearing.

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14. If any person shall advertise or put out any sign, card or drawing designating himself as a certified public accountant, or shall assume the title of certified public accountant, or use the abbreviation "C. P. A." or any other words, letters and figures, to indicate that the person using the same is such certified public accountant, without a certificate thereof, in accordance with the provisions of this act, he shall be guilty of a misdemeanor, and, upon conviction, shall be fined not less than \$50 and not more than \$500 for each offense, or shall be imprisoned in the county jail for a period of not less than one month.

15. The expenses of said board, and the officers thereof, and of the examination held by said board, and of any other matter in connection with the provisions of this act, shall be paid from the registration fees above provided for, and not otherwise; in no case shall such expenses or any part thereof be paid by the state of New Jersey, or be a charge against said state.

16. An itemized account of all receipts and expenditures of said board shall be kept by its treasurer and a detailed report thereof each year, ending with the 30th day of September, duly verified by the affidavit of the said treasurer, shall be filed with the secretary of state within sixty days thereafter. Said secretary of state shall be paid such fees therefor as are now paid for filing similar papers in his office.

17. The members of the board shall be entitled to reimbursement for their traveling and hotel expenses incurred in pursuance of their duties, not to exceed \$5 per diem for each member of said board, and the officers of said board shall receive such annual compensation as shall be provided by the board by resolution adopted by it at a regular meeting; no member of the board shall be held personally responsible for any portion of the salaries of the aforesaid officers, should the fees for certificates received by said board be insufficient to meet the same.

18. Any surplus of fees in the treasury of said board over and above the sum of \$500, after the payments of the expenses of the members of the board, and the salaries of the officers thereof, as herein provided for, shall be paid annually to the treasurer of the state of New Jersey, and shall thereafter be paid out only on the warrant and authority of the comptroller of the state of New Jersey.

19. This act shall take effect immediately.

NEW YORK

(Act approved April 17, 1896; amended February, 1909, and May, 1913.)

Section 80. Certified Public Accountants. Any citizen of the United States, or person who has duly declared his intention of becoming such citizen, residing or having a place for the regular transaction of business in the state, being over the age of twenty-one years and of good moral character, and who shall have received from the regents of the university a certificate of his qualifications to practise as a public expert accountant as hereinafter provided, shall be styled and known as a certified public accountant; and no other person shall assume such title, or use the abbreviation C. P. A. or any other words, letters, or figures, to indicate that the person using the same is such certified public accountant. Any citizen of the United States who has practised three years as a certified public accountant in another state, under a license or a certificate of his qualifications to so practise, issued by the proper authorities of such state, may, upon payment of the regular fee, in the discretion of the regents of the university, receive a certificate to practise as a certified public accountant without an examination. But he must possess the qualifications required by the rules of the regents of the university and must furnish satisfactory evidence of character and qualifications.

Sec. 81. Regents to Make Rules. The regents of the university shall make rules for the examination of persons applying for certificates under this article, and may appoint a board of three examiners for the purpose, which board shall be composed of certified public accountants. The regents shall charge for examination and certificate such fee as may be necessary to meet the actual expenses of such examinations, and they shall report, annually, their receipts and expenses under the provisions of this article to the state comptroller, and pay the balance of receipts over expenditures to the state treasurer. The regents may revoke any such certificate for sufficient cause after written notice to the holder thereof and a hearing thereon.

Sec. 82. Misdemeanor. Any violation of this article shall be a misdemeanor.

Regents' Revised Rules

Board of Examiners. The regents of the university shall annually at their meeting at the time of the university convocation, from those holding their certificates as certified public accountants, appoint a board of three examiners, to serve for one year, to examine, under the regents' rules, persons applying for certificates under the laws of 1896, chapter 312,* to regulate the profession of public accountants.

Examinations. Two examinations of five sessions each shall be

*General Business Law (L. 1909, ch. 25) §§80-82.

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given annually, at which duly qualified applicants shall be examined in the following subjects during the times indicated; theory of accounts, 3 hours; practical accounting, two sessions of three hours each, 6 hours; auditing, 3 hours; commercial law, 3 hours. The specified four subjects must all be taken at the same semi-annual examination; provided, however, that if a candidate fail in one of the four topics only, he may at a subsequent examination by passing this subject obtain the certificate.

Places and Times for Examinations. Applicants will be duly informed of the places for examination, which shall be held in New York, Albany, Syracuse or Buffalo, and be given at times to be fixed by the education department.

Preliminary Education Required. Except as provided in section 435, a certificate as a certified public accountant will be issued only to those who, in addition to meeting the specific requirements of the law, have approved professional qualifications and, as part thereof, hold the regents' academic diploma or furnish satisfactory evidence of having an accepted equivalent preliminary education.

Examinations Waived. In the discretion of the board of regents, examinations as to preliminary education may be waived, and in that particular applicants be deemed duly qualified for certificates, in cases of those whom the board of examiners shall unanimously certify to have possessed all required qualifications at the time of the passage of the act (the laws of 1896, chapter 312) to regulate the profession of public accountants; and all examinations may be likewise waived in the cases of those whom the board of examiners shall unanimously certify to be well known to them as meeting the professional requirements and as having been in reputable practice as public accountants since January 1, 1890. Such applicants shall, however, pay the fee of \$25 for their certificates.

Fee. The fee for an examination and certificate shall be \$25 to be paid upon applying for admission to the professional examination. Such application should be made at least 10 days prior thereto at the education department at Albany, and be accompanied with evidence of due compliance with the other requirements of the law and of the regents' rules. Suitable blanks and instructions will be furnished by the department to intending applicants, upon their timely request.

NORTH CAROLINA

(Ratified March 12, 1913.)

AN ACT TO CREATE A STATE BOARD OF ACCOUNTANCY AND PRESCRIBE ITS DUTIES AND POWERS; TO PROVIDE FOR THE EXAMINATION AND ISSUANCE OF CERTIFICATES TO QUALIFIED APPLICANTS, WITH THE DESIGNATION OF CERTIFIED PUBLIC ACCOUNTANT, AND TO PROVIDE THE GRADE OF PENALTY FOR VIOLATION OF THE PROVISIONS HEREOF.

The General Assembly of North Carolina do enact:

SECTION 1. Within thirty days after the passage of this act, the governor shall appoint four persons to constitute a state board of accountancy. Three members of said board shall be persons skilled in the knowledge and practice of accounting and actively engaged as professional accountants within the state of North Carolina, and the other a recognized attorney of the state, being of good standing as such.

SEC. 2. The members of such board shall hold office for three years or until their successors are appointed and have qualified, except that of the members first appointed under this act, one shall hold office for one year, one for two years and two for three years. The term of office for each to be designated by the governor in his appointment. Upon the expiration of each of said terms a member shall be appointed by the governor for the term of three years, and after this date the members of said board shall be appointed from among the holders of certificates issued under this act.

SEC. 3. The board shall determine the qualifications of persons applying for certificates under this act, and make rules for the examination of applicants and the issue of certificates herein provided for.

SEC. 4. The board shall organize by the election of one of its members as president, one member as secretary and one member as treasurer; *provided, however,* that the office of secretary and treasurer may be held by one person.

SEC. 5. The treasurer shall give bond to the state in such sum as may be determined by the board.

SEC. 6. The board shall keep a complete record of all its proceedings, and shall annually submit a full report to the governor.

SEC. 7. The board shall grant certificates of qualification to such applicants as may, upon examination, be qualified in "theoretical" and "practical" accounting, "auditing," "commercial law" as affecting ac-

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countancy, and in such other subjects as the board may deem advisable. A majority of the board shall constitute a quorum and the vote of three members shall be considered as the action of the board.

SEC. 8. Any citizen of the United States, or person who has duly declared his intention of becoming such citizen, over the age of twenty-one years, of good moral character, being a graduate of a high school or having had an equivalent education, who has had at least three years' experience in the practice of accounting, and has passed a satisfactory examination as herein provided, shall be entitled to a certificate to practise accounting and shall be styled and known as a certified public accountant.

SEC. 9. The examination shall be held as often as may be necessary in the opinion of the board, and at such times and places as it may designate, but not less frequently than once in each calendar year.

SEC. 10. The board shall charge for each examination and certificate provided for in this act, a fee of twenty-five dollars (\$25.00). This fee shall be payable to the treasurer of the board by the applicant at the time of filing application. In no case shall the examination fee be refunded, but said applicant may be re-examined within eighteen months from the date of his application without payment of an additional fee.

SEC. 11. The members of the board to be appointed under the provisions of this act shall be paid, for the time actually expended in the pursuance of the duties imposed upon them by this act, an amount not exceeding ten dollars per day, and they shall also be entitled to necessary traveling expenses.

SEC. 12. From the fees collected, the board shall pay all expenses incident to the examination to be held under this act, the expenses of preparing and issuing certificates, the traveling expenses of examiners, and their compensation while performing their duties under this act, provided that no expense incurred under this act shall be charged against the state. Any surplus arising shall at the end of each year be deposited by the treasurer of the board with the state treasurer to the credit of the general fund.

SEC. 13. Any public accountant who files his application (and be it understood that by "public accountant" is meant one actively engaged and practising accountancy as his principal vocation during the business period of the day) within ninety days after the organization of the board, and is at the time of filing said application a public accountant and has practised as such for at least three years next preceding the date of his application, the last six months of which has been in the state of North Carolina, shall file with his application proof of such facts. The board shall consider said proofs and such other evidence as may be pro-

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cured, and if it be satisfied that the statements contained in said application and proofs are true, and that the applicant is of good moral character, it shall accept the foregoing evidence in lieu of examination and grant said applicant a certificate.

SEC. 14. Any citizen of the United States or person who has declared his intention of becoming such citizen, over twenty-one (21) years of age, of good moral character, and who has complied with the rules and regulations of the board pertaining to such cases, and who holds a valid and unrevoked certificate as certified public accountant, or the equivalent thereof, issued by or under the authority of any other state of the United States, or of the United States, or the District of Columbia, or any territory of the United States, or by or under the authority of a foreign nation, when the board shall be satisfied that their standards and requirements for a certificate as a certified public accountant are substantially equivalent to those established by this act, may at the discretion of the board receive a certificate as a certified public accountant, and such person may thereafter practise as a certified public accountant and assume and use the name, title and style of "certified public accountant," or any abbreviation or abbreviations thereof, in the state of North Carolina, provided, however, that such other state or nation extends similar privileges to certified public accountants of the state of North Carolina.

SEC. 15. The board may revoke any certificates issued under this act for sufficient cause, *provided* that written notice shall have been mailed to the holder of such certificate at his last known address at least twenty days before any hearing thereof, stating the cause of such contemplated action, and appointing a time for a hearing thereon by the board; and, *provided, further*, that no certificate issued under this act shall be revoked until such hearing shall have been had. At all such hearings the attorney general of the state or one of his assistants designated by him shall sit with the board with all the powers and pay of a member thereof.

SEC. 16. If any person shall represent himself as having received a certificate as provided in this act, or shall practise as a certified public accountant, or use the abbreviation "C. P. A." (without specifying the state that granted said certificate) or similar words or letters to indicate that the person using the same is qualified to practise in this state as a certified public accountant, without having received such certificate as provided for by this act, or if any person having received a certificate as provided for in this act, and having thereafter lost such certificate by revocation as herein provided, shall practise as a certified public accountant, he shall be deemed guilty of a misdemeanor, and upon conviction thereof shall be fined not less than fifty dollars and not exceeding two hundred dollars for each offense.

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SEC. 17. Nothing herein contained shall be construed to restrict or limit the power or authority of any state, county, or municipal officer or appointee engaged in or upon the examination of the accounts of any public officer, his employees or appointees.

SEC. 18. That all laws and clauses of laws in conflict with the provisions of this act are hereby repealed.

SEC. 19. That this act shall be in effect from and after its ratification.

NORTH DAKOTA

AN ACT TO REGULATE THE CERTIFICATION OF PUBLIC ACCOUNTANTS AND THE PRACTISING OF THE PROFESSION OF ACCOUNTANCY IN NORTH DAKOTA.

(Approved March 14, 1913.)

Be it enacted by the Legislative Assembly of the State of North Dakota:

SECTION 1. The trustees of the state university shall appoint a board of three members, which board shall be known as a board of accountancy. The term of office of the members of this board shall be five years. Vacancies in this board shall be filled in the same manner as original appointments are made. Members of this board shall receive for their services actual expenses incurred in the discharge of their duties and an amount sufficient to defray clerk hire, and no more. Of the members of this board, one shall be an educator, one an attorney, and one a person skilled in the practice of accounting.

SEC. 2. The board of accountancy shall conduct examinations and shall exercise such powers and perform such duties as may be prescribed by the trustees of the state university.

SEC. 3. Any person in order to assume the title of certified public accountant or the abbreviation C. P. A. or any other words or letters or abbreviations tending to indicate that the person, firm, or corporation so using the same is a certified public accountant must receive a certificate as a certified public accountant. Certificates shall be granted to those persons with the necessary general qualifications who shall pass the required examinations or for whom such examinations shall be waived.

SEC. 4. Any person of good moral character twenty-one years of age or over, residing in North Dakota or having a place for the regular transaction of business in this state, shall be deemed qualified to become a candidate for the title of certified public accountant.

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SEC. 5. Examinations shall be held at such place and at such time, but at least once a year, as the trustees of the university may designate. Public notice of an examination shall be given at least thirty days before the date of each examination, in such manner as the trustees of the state university may determine. The examination shall cover the theory of accounts, practical accounting, auditing, political economy, commercial law, and such other subjects as the trustees of the state university may designate. An oral examination for general fitness may be also required.

SEC. 6. The trustees of the state university may waive examination of any person possessing the general qualifications, who has practised in North Dakota for more than one year as a public accountant on his own account before the passage of this act, and who shall apply for a certificate of a certified public accountant within a year thereafter.

SEC. 7. The trustees of the state university shall have the power to issue the certificate of certified public accountant, which certificate shall remain good and valid during the good behavior of the holder. The trustees of the state university may revoke a certificate for sufficient cause and after written notice to the holder thereof and after a full hearing.

SEC. 8. The trustees of the university shall fix the amount of the fees to be paid by the applicants for the title of certified public accountant. Such fees shall be used by the trustees of the university to pay the necessary expense incurred in offering the examinations.

SEC. 9. Any certified public accountant who shall falsify a report, statement, investigation or audit, or who shall in any other manner be guilty of a misrepresentation as a certified public accountant, shall be guilty of a misdemeanor and shall be punished accordingly.

OHIO.

(Act approved May 9, 1908.)

SECTION 1370. There shall be a state board of accountancy consisting of three members not more than two of whom shall belong to the same political party. Each member of the board shall be a person skilled in the knowledge and practice of accounting and actively engaged as a professional public accountant within this state.

SECTION 1371. Each year the governor shall appoint one member of the state board of accountancy who shall serve for a term of three years and until his successor is appointed and qualified. A vacancy in the board shall be filled by the governor by appointment for the unexpired term.

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SECTION 1372. The state board of accountancy shall organize by the election of one of its members as president and one as secretary and treasurer. The secretary and treasurer shall give a bond in such sum and with sureties as the board directs. The board shall keep a record of its proceedings.

SECTION 1373. A citizen of the United States or a person who has duly declared his intention to become such citizen, not less than twenty-one years of age, of good moral character, a graduate of a high-school or having received an equivalent education, with at least three years' experience in the practice of accounting and who has received from the state board of accountancy as herein provided a certificate of his qualifications to practise as a public accountant shall be styled and known as a certified public accountant. No other person shall assume such title or use the abbreviation "C. P. A.," or other words or letters to indicate that he is a certified public accountant.

SECTION 1374. Each year, the state board of accountancy shall hold an examination for such certificate. Each applicant shall be examined in theory of accounts, practical accounting, auditing and commercial law as affecting accountancy. If three or more persons apply for certificates within not less than five months after the annual examination, the board shall hold an examination for them. The time and place of each examination shall be fixed by the board.

SECTION 1375. At the time of filing the application for such examination and certificate, each applicant shall pay to the treasurer of the state board of accountancy a fee of twenty-five dollars. Such examination fee shall not be refunded, but an applicant may be re-examined without the payment of an additional fee within eighteen months from the date of his application.

SECTION 1376. A person who is a citizen of the United States or has declared his intention of becoming such citizen, who is at least twenty-one years of age, of good moral character, who has complied with the rules and regulations of the state board of accountancy, and who holds a valid and unrevoked certificate as a certified public accountant issued under the authority of another state or territory of the United States or the District of Columbia, or of a foreign nation, may receive from the board a certificate as a certified public accountant if the board is satisfied that the standards and requirements for a certificate as a certified public accountant thereof are substantially equivalent to those established by this chapter. Such person may thereafter practise in this state as a certified public accountant and assume and use the name, title and style of "certified public accountant" or any abbreviation or abbreviations thereof.

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SECTION 1377. For sufficient cause the state board of accountancy may revoke a certificate issued under this chapter if a written notice has been mailed to the holder thereof at his last known address at least twenty days before hearing thereon. Such notice shall state the cause of such contemplated action and appoint a time for hearing thereon by the board. No certificate issued under this chapter shall be revoked until after such hearing.

SECTION 1378. From fees collected under this chapter the board shall pay the expenses incident to its examinations and the expenses of preparing and issuing certificates, and to each member of the board for the time actually expended in the performance of his duties a sum not exceeding five dollars per day and his necessary traveling expenses. In no case shall the expenses of the board or the compensation or traveling expenses of the members thereof be a charge against any fund of the state.

SECTION 1379. Nothing contained in this chapter shall be construed so as to prevent any person from being employed within this state as a public accountant.

OREGON

AN ACT TO CREATE A STATE BOARD OF ACCOUNTANCY AND TO PRESCRIBE ITS POWERS AND DUTIES, TO PROVIDE FOR THE EXAMINATIONS OF AND ISSUANCE AND REVOCATIONS OF CERTIFICATES TO QUALIFIED APPLICANTS, AND TO PROVIDE A PENALTY FOR THE VIOLATION OF THIS ACT.

(Approved February 21, 1913.)

Be it enacted by the People of the State of Oregon:

SECTION 1. That any person residing or having an office for the regular transaction of the business of accountancy in the state of Oregon, being over the age of twenty-one years and of good moral character, being also a citizen of the United States, or having in good faith duly declared his intention of becoming such, and who shall have received from the state board of accountancy a certificate of his qualifications to practise as a public expert accountant, as hereinafter provided, shall be styled and known as a "certified public accountant" and no other person and no partnership all of the members of which have not received such certificate and no corporation shall assume such title or the title of "certified accountant" or use the abbreviation of "C. P. A." or any other words, letters or abbreviations tending to indicate that the person, firm or corporation so using the same is a certified public accountant.

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SEC. 2. The governor shall, within thirty days after the passage and approval of this act, appoint five persons residing in this state, who shall be skilled in the practice of accounting, and who shall have been actively engaged therein on their own account within the state of Oregon for a period of at least two years next preceding the passage of this act, to constitute and serve as a state board of accountancy. The members of such board shall hold office for four years and until their successors are appointed and have qualified; save and except that one of the members of the board first to be appointed under this act shall hold office for one year; one for two years; one for three years; and two for four years. Any vacancies that may occur from any cause shall be filled by the governor for the unexpired term; *provided*, that all appointments made after the first board must be made from the roll of certificates issued and on file in the office of the governor.

SEC. 3. The state board of accountancy shall make all needful rules and regulations regarding the qualifications and experience of persons applying for certificates under this act, the conduct of the examinations herein provided for or their character or scope, the method and time of filing applications for examination and their form and contents and all the rules and regulations necessary to carry into effect the purpose of this act. Examinations shall be held by the board at least once each year at such time and place as may be determined by it. The time and place of holding examinations shall be duly advertised for not less than three consecutive days, not less than thirty days prior to the date of each examination, in at least two representative daily papers published in the state. The examinations shall be in "theory of accounts," "practical accounting," "auditing," and "commercial law."

SEC. 4. The state board of accountancy shall charge each applicant for the examination and certificate provided for in this act, a fee of twenty-five dollars to meet the expenses of such examination. The fee shall be payable by the applicant at the time of filing his application. In case of failure on the part of any applicant to attend the examination or to pass a satisfactory examination, said applicant may appear at the next examination of said board for re-examination without charge. The state board of accountancy shall report annually to the governor the names of all persons receiving certificates, or whose certificates are registered or revoked; and the receipts and expenses under this act. Out of the funds collected under this act shall be paid the actual expenses of the state board of accountancy. No member of the board shall receive remuneration for his services; *provided*, that no expense incurred under this act shall be a charge upon the funds of the state.

SEC. 5. Said state board of accountancy may, in its discretion, waive the examination of, and may issue a certificate for the certified public

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accountant to any person possessing the qualifications mentioned in section 1 of this act, who

(1) Is the holder of a certified public accountant certificate issued under the laws of another state which extends similar privileges to certified public accountants of this state, provided the requirements for said degree in the state which granted it to the applicant are, in the opinion of the state board of accountancy, equivalent to those herein provided; or who

(2) Either shall have for at least two years next prior to the passage of this act been practising in this state as a public accountant on his own account or who shall have for at least one year next prior to the passage of this act been practising in this state as a public accountant on his own account and shall have had at least two years' prior experience in the practice of accountancy on his own account or with a reputable public accountant or accountants in this or other states, and who shall apply in writing to said board for such certificate within sixty days after the passage of this act.

All applicants mentioned in this section shall pay a fee of ten dollars (\$10.00) for such certificate.

SEC. 6. The state board of accountancy may revoke any certificate issued under this act for unprofessional conduct or other sufficient cause, provided that written notice shall have been served on the holder of such certificate at least twenty days before any hearing thereon, stating the cause for such contemplated action and appointing a day for a full hearing thereon by the state board of accountancy. *Provided further*, that such revocation must receive the affirmative vote of at least four members of the board.

SEC. 7. All certificates granted by the state board of accountancy shall be subject to an annual fee of one dollar (\$1.00).

SEC. 8. If any person shall represent himself to the public as having received a certificate provided for in this act, or shall assume to practise as a certified public accountant or use the abbreviation "C. P. A." or any similar words or letters to indicate that the person using the same is a certified public accountant, without holding a valid certificate issued under the provisions of this act, or if any person having received such certificate provided for in this act shall thereafter lose the same by revocation and shall refuse or delay to return such certificate to the board and shall continue to practise as a certified public accountant or use such title or any other title or abbreviation mentioned in section 1 of this act, he shall be deemed guilty of a misdemeanor, and on conviction thereof shall be fined a sum not exceeding two hundred dollars for each conviction, or shall be imprisoned in the county jail for a term not exceeding six months.

PENNSYLVANIA.

AN ACT TO ESTABLISH A BOARD FOR THE EXAMINATION OF ACCOUNTANTS, TO PROVIDE FOR THE GRANTING OF CERTIFICATES TO ACCOUNTANTS, AND TO PROVIDE A PUNISHMENT FOR THE VIOLATION OF THIS ACT.

(Approved March 29, 1899.)

SECTION 1. *Be it enacted by the Senate and House of Representatives of the Commonwealth of Pennsylvania in General Assembly met, and it is hereby enacted by the authority of the same,* that any citizen of the United States residing or having an office for the regular transaction of business in the state of Pennsylvania being over the age of twenty-one years, and of good moral character, and who shall have received from the governor of the state of Pennsylvania a certificate of his qualification to practise as a public expert accountant as hereinafter provided, shall be designated and known as a certified public accountant, and no other person shall assume such title or use the abbreviation C. P. A., or any other words, letters or figures to indicate that the person using the same is such certified public accountant. Every person holding such certificate and every co-partnership of accountants, every member of which shall hold such certificate, may assume and use the title of certified public accountants, or the abbreviation thereof, C. P. A., provided that no other person or co-partnership shall use such title or abbreviation, or other words, letters or figures to indicate that the person or co-partnership using the same is such certified public accountant.

SEC. 2. The governor of the state of Pennsylvania shall appoint a board of five examiners for the examination of persons applying for certification under this act. Three of said examiners shall be public accountants, who shall have been in practice as such for at least five years, one of whom shall be appointed for the term of one year, one for two years, and one for three years, and upon the expiration of each of said terms an examiner shall be appointed for the term of three years, and after one thousand eight hundred and ninety-nine these three examiners shall be certified public accountants. The other two examiners shall be practising attorneys in good standing in any of the courts in the state of Pennsylvania. One of them shall be appointed for the term of one year and the other for two years, and upon the expiration of each of said terms a successor shall be appointed for the term of two years. The examination for certificates shall be based upon an examination in commercial law and general accounting; said examination shall take place in Philadelphia, Harrisburg and Pittsburgh, twice a year, during the months of May and November of each year, under such rules and regulations as may be adopted by the board. The fees provided by this act shall be twenty-five dollars for each applicant. From the fees so collected the board shall pay all expenses incurred by it or any member thereof in the

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performance of its duties, and may apply any surplus receipts, in any year, to the payment of any deficiency in any previous year or years; but no member of the board shall be entitled to receive any compensation for his services. The board shall annually, in the month of June, file with the auditor general, a full account of its receipts and disbursements; and any surplus then in the hands of the board, above the sum of five hundred dollars (\$500.00), which may be retained to meet future expenses, shall be paid, at the time of filing said account, to the state treasurer, for the use of the commonwealth. The results of such examination shall be certified to the governor and filed in the office of the secretary of internal affairs, and kept for reference and inspection for a period not less than five years, the governor to issue the certificates.

SEC. 3. The governor of the state of Pennsylvania may revoke any such certificate for sufficient cause upon the recommendation of the board of examiners, who shall have given written notice to the holders thereof, and after he has had a hearing thereon.

SEC. 4. The board of examiners may in its discretion waive the examination of any person who shall have been for three years before the passage of this act, practising in the state of Pennsylvania as a public accountant and who shall apply in writing for such certificate within one year after the passage of this act.

SEC. 5. If any person shall hold himself out as having received the certificate provided for in this act, or shall assume to practise thereunder as a certified public accountant, or use the initials C. P. A. without having received such certificate, or after the same shall have been revoked, he shall be deemed guilty of misdemeanor and on conviction thereof shall be sentenced to pay a fine not exceeding five hundred dollars.

RHODE ISLAND.

OF THE STATE BOARD OF ACCOUNTANCY AND OF CERTIFIED PUBLIC ACCOUNTANTS.

(Approved April 20, 1906.)

SECTION 1. It shall be unlawful for any person to practise as a certified public accountant in this state unless he shall have first obtained a certificate of registration as provided in this chapter. Any citizen of the United States, or person who has duly declared his intention of becoming such citizen, having a place for the regular transaction of business as a professional accountant in this state, being over the age of twenty-one years, of good moral character, who shall have received as hereinafter provided in this chapter a certificate of his qualifications to practise as a certified public accountant, shall be deemed and known as a certified public ac-

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countant under the provisions of this chapter; and no person, unless he has received a certificate under the provisions of this chapter, shall advertise or in any manner use such name of certified public accountant or the abbreviation "C. P. A.," or any other words or letters, or any imitation thereof, tending to indicate that the person so advertising or using the same is such certified public accountant.

SEC. 2. There shall be a board of examiners, to be known as the state board of accountancy, to carry out the purposes and enforce the provisions of this chapter. The members of said board, consisting of three persons, shall be citizens of this state and skilled in the practice of accounting, and when appointed shall have been actively engaged therein on their own account in this state for not less than three years next preceding the date of their appointment. At the January session of the general assembly, A. D. nineteen hundred nine, and annually thereafter, the governor, with the advice and consent of the senate, shall appoint one member of said board, who when appointed shall be a certified public accountant, to hold office until the first day of February in the third year after his appointment, to succeed the member of such board whose term will next expire: *provided*, that any vacancy which may occur in said board when the senate is not in session shall be filled by the governor until the next session thereof, when he shall, with the advice and consent of the senate, appoint some person, who when appointed shall be a certified public accountant, to fill such vacancy for the remainder of the term. The members of said board may be removed by the governor, for such cause as he shall deem sufficient and shall express in the order of removal. Each member of said board, unless he resigns or is removed, shall hold office until the appointment and qualification of his successor. Each member of said board shall give a bond in the sum of one thousand dollars, with surety or sureties to be approved by the general treasurer, conditioned for the faithful performance of his duties, and shall take the oath provided by law for public officers.

SEC. 3. Said state board of accountancy shall organize, as soon as may be after their appointment and qualification, by electing one of their members chairman and one of their members secretary and one of their members treasurer (except that said board may elect the same member secretary and treasurer); such organization shall continue until the appointment and qualification of any new member of said board of examiners, except in case of a vacancy in any office, when such vacancy may be filled forthwith. The secretary of said board shall keep a record of all its proceedings, issue all notices and certificates, and attest all such papers and orders as said board shall direct; and the secretary shall perform such other duties as shall be designated by said board.

SEC. 4. Said board shall have power to adopt rules and regulations for conducting examinations to be held under this chapter. Said exami-

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nations shall be held at least once a year in the city of Providence, and elsewhere in the discretion of said board. Such examinations shall be held upon the theory of accounts, practical accounting, auditing, commercial law as affecting accountancy, and such other subjects as said board may determine. Such board shall issue to each applicant passing a satisfactory examination a certificate entitling such person to practise in this state, as a certified public accountant, until such certificate shall be revoked as hereinafter provided in this chapter. Said board shall keep a register in which shall be entered the names of all the persons to whom certificates are issued under this chapter, and said register shall be open at all times to public inspection at the office of the secretary of said board.

SEC. 5. Said board shall charge for the examination and certificate provided for in this chapter a fee of twenty-five dollars, payable by said applicant at the time of filing his application. In case of the failure on part of any applicant to attend the examination at the date specified by said board or to pass a satisfactory examination, said applicant may, at the discretion of said board, appear at the next annual examination of said board for re-examination upon the payment of the further sum of fifteen dollars.

SEC. 6. The actual expenses of said board shall be paid out of the funds received from applicants for examinations: *provided*, that in no event shall such expenses be a charge against the state. No member of said board shall receive any compensation for his services, but he shall be entitled to receive from the funds in the hands of said board his actual expenses incurred in the discharge of his duties under this chapter.

SEC. 7. Said board shall present annually to the general assembly in the month of January a detailed statement of the receipts and disbursements of said board during the preceding year, with a statement of its acts and proceedings, and such recommendations as said board may deem proper. Any moneys in the hands of the treasurer of said board at the time of making such report shall then be paid over to the general treasurer.

SEC. 8. Said board may, in its discretion, register the certificate of any certified public accountant who is the lawful holder of such certificate issued under the laws of any other state, territory, District of Columbia, or government, and may issue to such certified public accountant a certificate of registration, which certificate shall entitle the holder thereof to practise as such certified public accountant under the provisions of this chapter in this state: *provided*, that such other state, territory, government, or the District of Columbia extends similar privileges to certified public accountants of this state. Said board shall charge for such certificate of registration a fee of fifteen dollars.

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SEC. 9. Said board shall have power to revoke any certificate of registration, granted by it under this chapter, for gross incompetency, for unprofessional conduct, or for other cause sufficient in the judgment of said board: *provided*, that before any certificate shall be so revoked the holder thereof shall have notice in writing of the charge or charges against him and shall have reasonable opportunity to be heard in his defence. Any person whose certificate has been so revoked may apply to have the same reissued, and the same shall be issued to him upon a satisfactory showing that such disqualification has ceased. Said board shall have power by its chairman to summon any person to appear as a witness and testify at any hearing by said board under the provisions of this chapter, and to examine and to administer oaths to such witnesses. Any person aggrieved by any decision or ruling of said board may, within thirty days, exclusive of Sundays and holidays, after receiving notice of said decision, appeal therefrom to the superior court sitting at Providence, and said superior court shall, as soon as may be, hear and determine said appeal, following the course of equity, and subject to all the rights of parties in such causes.

SEC. 10. Nothing in this chapter shall prohibit any person from serving as a student, or clerk, or employee in the office of any certified public accountant: *provided*, such student, clerk, or employee shall first file with the secretary of said board a statement in writing, showing the name and place of business of his employer, and the date of the beginning of such employment, and the full name, age, and residence of such student, clerk, or employee. No such student, clerk, or employee shall be authorized to certify accounts or to advertise or hold himself out to the public as a certified public accountant.

SEC. 11. Any person practising the occupation of certified public accountant, or using the abbreviation "C. P. A.," or similar words or letters indicating that the person using the same is a certified public accountant, or representing himself to the public as having received the certificate provided in this chapter, without having received such certificate as provided in this chapter, or any person so representing himself as having received such certificate or practising as aforesaid after his certificate has been revoked as provided in this chapter, shall be deemed guilty of a misdemeanor, and upon conviction thereof shall be punished by a fine not exceeding two hundred dollars for each offense, and upon a subsequent conviction shall be punished by a fine of not less than two hundred dollars nor more than five hundred dollars, or by imprisonment not exceeding six months, or both, in the discretion of the court.

TENNESSEE

AN ACT TO ESTABLISH A STATE BOARD OF ACCOUNTANCY AND PRESCRIBE ITS DUTIES AND POWERS; TO PROVIDE FOR THE GRANTING AND THE REVOKING OF CERTIFICATES TO ACCOUNTANTS WHO QUALIFY UNDER THE PROVISIONS OF THIS ACT, AND TO PROVIDE A PENALTY FOR VIOLATION OF THIS ACT.

(Approved March 27, 1913.)

SECTION 1. *Be it enacted by the general assembly of the state of Tennessee*, That there is hereby established a state board of accountancy, to consist of five members, to be appointed by the governor within thirty days after the passage of this act, all the members of which shall be practising public accountants in this state who have been actively engaged in such practice on their own account or as senior accountants in the offices of reputable public accountants for at least three years next preceding such appointment; two of whom shall be selected from the state-at-large and shall hold office for the terms of three years each; and one each of the other three of whom shall be selected respectively from each of the three grand divisions of the state commonly known as West, Middle and East Tennessee, to hold office respectively for the terms of one, two and three years, as designated by the governor in his appointments; and upon the expiration of each of said terms the successor to each member shall be appointed in the same manner for the term of three years, but after January first, nineteen hundred and fourteen, all accountants to serve on this board must be holders of C. P. A. certificates under the provisions of this act. Any vacancies that may occur from any cause shall be filled by appointment to be made by the governor for the unexpired term.

SEC. 2. *Be it further enacted*, That any citizen of the United States (or person who has duly declared his intention of becoming such citizen), being over the age of twenty-one years and of good moral character, residing or having an office in the state of Tennessee, who shall, as hereinafter provided, receive from the Tennessee state board of accountancy a certificate of his qualifications to practise as an expert public accountant, shall be known and styled as a certified public accountant; but no other person, nor any corporation, nor any partnership, all the members of which have not received such certificate, shall assume such title, or the title of "certified accountant," or "chartered accountant," or the abbreviations "C. P. A.," or "C. A.," or any other words, letters or abbreviations tending to indicate that the person, firm or corporation so using the same is a certified public accountant.

SEC. 3. *Be it further enacted*, That examinations of persons applying for certificates under this act shall be held in Nashville at least once

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a year or oftener, at the discretion of the board. The subjects in which applicants shall be examined are: (1) theory of accounts; (2) practical accounting; (3) auditing, and (4) commercial law as affecting accountancy.

No person shall be permitted to take such examination unless he shall have been practising continuously on his own account as a public accountant for at least one year; or shall have been continuously employed in the office of a public accountant as an assistant for at least two years; or shall have been continuously employed as a chief or head bookkeeper for at least three years; or shall present an academic diploma or other equally satisfactory evidence, in such manner as required by the board, proving that he has successfully completed a course of studies and instruction in any state or county which is equivalent to the requirements for graduating from the highest grade of high schools in this state.

All examinations herein provided for shall be conducted by the state board of accountancy, or by a majority thereof. The time and place for holding examinations shall be duly advertised for not less than three consecutive days in at least one daily newspaper published in each of the four most populous cities of the state not less than thirty days prior to the date of each examination.

The board may make all needful rules and regulations regarding the scope of the examinations, the method and time of filing applications for examination, and all other rules and regulations necessary to carry into effect the purposes of this act.

SEC. 4. *Be it further enacted*, That the board may, in its discretion, waive the examination of any person possessing the qualifications stated in section 2 of this act who (1) is the holder of a C. P. A. certificate issued under the laws of another state which extends similar privileges to certified public accountants of this state; provided, the requirements for said certificate in the said state are, in the opinion of the board, equivalent to the requirements in this state; (2) is the holder of a certificate of certified public accountant, or chartered accountant, or the equivalent thereof, issued under the laws of any foreign government; provided, the requirements for said certificates are, in the opinion of the board, equivalent to the requirements of this state; (3) has, for at least three years next preceding the date of his application, been practising as a public accountant, the last three months of which have been in this state, and who shall apply in writing to the board for such certificate within three months after the appointment of said board by the governor.

SEC. 5. *Be it further enacted*, That the board may revoke any certificate issued under this act if the holder thereof (1) shall be convicted of a felony, or (2) shall be declared by any court of competent jurisdiction to have committed any fraud, or (3) shall be declared by any court or commission to be insane or otherwise incompetent, or (4) shall be held by this board to be guilty of any act or default discreditable to the profession, or (5) in case the certificate shall have been issued to the

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holder thereof on account of his holding a C. P. A. or C. A. certificate from another state or country which has, after the issue of this certificate from this board, in any way depreciated the standard or equivalent of its privileges or requirements in accordance with the provisions of this act; *provided*, that written notice of the cause of such contemplated action and the date of the hearing thereon by this board shall have been mailed to the holder of such certificate at his last known address at least twenty-five days prior to such hearing. At all such hearings the attorney-general of this state, or one of his assistants designated by him, may sit with the board as legal counsellor and advisor of the board, and to prepare for any legal action that may be determined upon by the members of the board.

SEC. 6. *Be it further enacted*, That a uniform fee of twenty-five (\$25.00) dollars shall be charged by the board for each examination or certificate, or both, same to be paid in advance and to accompany application.

In case of the failure on the part of any applicant to attend the examination at the date specified by said board, or to pass a satisfactory examination, said applicant may appear at the next examination of said board for re-examination upon the payment of the further sum of ten (\$10.00) dollars.

From the fees collected under this act the board shall pay all expenses incident to the examinations, the expenses of issuing certificates, the traveling expenses of members of the board and their compensation and their maintenance expenses when performing their duties under this act; *provided* that no expense incurred under this act shall be a charge against the funds of this state. Any surplus of receipts over expenses in excess of the sum of five hundred (\$500.00) dollars shall, at the end of each calendar year, be deposited by the treasurer of the board with the state treasurer to the credit of the state school fund. The members of this board shall be paid an amount not exceeding fifteen (\$15.00) dollars per day to each member for the time actually spent, and also all necessary traveling and maintenance expenses incurred in the performance of his duties under this act.

The board shall report annually to the governor the number of certificates issued and the amount of receipts and disbursements under this act.

SEC. 7. *Be it further enacted*, That if any person, or corporation, represents himself, or itself, to the public as having received the certificate provided for in this act, or if he shall advertise himself as a certified public accountant, or certified accountant, or chartered accountant, or use the initials C. P. A. or C. A., or otherwise falsely hold himself out as having qualified under this act, while practising in this state, without having actually received a certificate from the state board of accountancy, or if, having received such certificate, he shall continue to practise as a

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certified public accountant, after said certificate has been revoked, or if any person shall otherwise violate any of the provisions of this act, he shall be deemed guilty of a misdemeanor, and, upon conviction thereof, shall be fined not less than one hundred (\$100.00) dollars, nor more than five hundred (\$500.00) dollars, or imprisonment for not less than one month nor more than six months, or both, in the discretion of the court.

SEC. 8. *Be it further enacted*, That if any person practising in the state of Tennessee as a certified public accountant, under this act, or who is in the practice of public accountancy as a certified public accountant, or otherwise, shall wilfully falsify any report or statement bearing on any examination, investigation or audit made by him, or under his direction, he shall be deemed guilty of a misdemeanor, and, upon conviction thereof, shall be punished by a fine of not less than one hundred (\$100.00) dollars nor more than one thousand (\$1,000.00) dollars, or shall be imprisoned for a term of not less than three months nor more than one year, or both fine and imprisonment, for each time and for each item in which he may so falsify such reports.

SEC. 9. *Be it further enacted*, That nothing herein contained shall be construed so as to prevent any person from being employed as a public accountant within this state.

SEC. 10. *Be it further enacted*, That all acts or parts of acts in conflict with the provisions of this act are hereby repealed.

SEC. 11. *Be it further enacted*, That this act shall take effect from and after its passage, the public welfare requiring it.

UTAH.

AN ACT TO CREATE A STATE BOARD OF ACCCOUNTANCY AND PRESCRIBE ITS DUTIES AND POWERS; TO PROVIDE FOR THE EXAMINATION AND ISSUANCE OF CERTIFICATES TO QUALIFIED APPLICANTS, WITH THE DESIGNATION OF CERTIFIED PUBLIC ACCOUNTANT, AND TO PROVIDE THE GRADE OF PENALTY FOR VIOLATION OF THE PROVISIONS HEREOF.

(Approved March 14, 1907.)

Be it enacted by the Legislature of the State of Utah:

SECTION 1. *Board created.—Shall take oath of office.—Term.—Vacancies.*—Within sixty days after the passage of this act the governor shall appoint three persons, at least two of whom shall be competent and skilled public accountants, who shall have been in practice as such in this state

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for not less than three years, to constitute and serve as a state board of accountancy. The members of such board shall, within thirty days after their appointment, take and subscribe to the oath of office as prescribed by the laws of the state of Utah, and file the same with the secretary of state. They shall hold office for four years and until their successors are appointed and qualified; save and except that one of the members of the board first to be appointed under this act shall hold office for two years, and two for four years. Upon the expiration of each of said terms, members sufficient to fill the board shall be appointed by the governor, for the term of four years and until their successors are appointed and qualified; and after the year one thousand nine hundred and ten, the members of the board shall be appointed from the holders of certificates issued under this act. Any vacancy that may occur, from any cause, shall be filled by the governor for the unexpired term.

SEC. 2. Location of Office.—Duties of Board.—The state board of accountancy shall have its offices in the city and county of Salt Lake, and its powers and duties shall be as follows:

1. To formulate rules for the government of the board and for the examination of and granting of certificates of qualification to persons applying therefor;

2. To hold written examinations of applicants for such certificates, at least annually, at such places as circumstances and applications may warrant;

3. To grant certificates of qualification to such applicants as may, upon the examination, be found qualified in "theory of accounts," "practical accounting," "auditing," and "commercial law" as affecting accountancy, to practise as certified public accountants;

4. To charge and collect from all applicants a fee of twenty-five dollars, to meet the expenses of examination, issuance of certificates and conducting its office; provided that all such expenses, including not exceeding ten dollars per day for each member while attending a session of the board or conducting examinations, must be paid from the current receipts, and no portion shall ever be paid from the state treasury;

5. To require the annual renewal of all such certificates, and to collect therefor a renewal fee of not exceeding five dollars;

6. To revoke for cause any such certificate, after written notice to the holder, and a hearing being had thereon;

7. To report annually to the governor, on or before the first day of December, all such certificates issued or renewed, together with a detailed statement of receipts and disbursements; provided, that any balance remaining in excess of the expenses incurred may be retained by the board and used in defraying the expenses thereof;

8. The board may, in its discretion, under regulations provided by its rules, waive the examination of applicants possessing the qualifications mentioned in section 3, who shall have been for more than two years prior to the passage of this act practising in this state as public

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accountants on their own account, and who shall, in writing, apply for such certificate within one year thereafter.

SEC. 3. *Qualifications.—Certificate.*—Any citizen of the United States, or any person who has duly declared his intention of becoming such citizen, residing and doing business as a public accountant in this state, being over the age of twenty-one years and of good moral character, may apply to the state board of accountancy for examination under its rules, and if found qualified the board shall issue to him a certificate of qualification to practise as a certified accountant and upon the issuance and receipt of such certificate, and during the period of its existence, or of any renewal thereof, he shall be styled and known as a certified public accountant or expert of accounts, and no other person shall be permitted to assume the use of such title or to use any words, letters or figures to indicate that the person using the same is a certified public accountant.

SEC. 4. *Penalty.*—If any person shall represent himself to the public as having received a certificate as provided in this act or shall assume to practise as a certified public accountant, or use the abbreviation "C. P. A." or any similar words or letters to indicate that the person using the same is a certified public accountant, without having received such C. P. A. certificate as provided in this act, or if any person having received any such certificate and having thereafter lost it by revocation or by failure to renew the same, as herein provided, shall continue to practise as a certified public accountant, he shall be deemed guilty of a misdemeanor, and upon conviction thereof shall be fined a sum not exceeding two hundred dollars (\$200) for each such offense.

SEC. 5. This act shall take effect upon approval.

VERMONT

AN ACT TO PROVIDE FOR THE REGISTRATION OF PUBLIC ACCOUNTANTS.

(Approved December 20, 1912.)

It is hereby enacted by the General Assembly of the State of Vermont:

SECTION 1. A citizen of the United States, resident in the state of Vermont, being over the age of twenty-one years, of good moral character and a graduate of a high school or having an equivalent education, who has received from the state board of accountancy, hereinafter established, a certificate of his qualifications to practise as an expert public accountant, shall be styled and known as a certified public accountant.

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SEC. 2. The auditor of accounts, the bank commissioner and a third person to be appointed by the governor shall constitute a state board of accountancy. Such third person shall be appointed biennially in the month of December, and shall hold office for the term of two years from and after the first day of January following his appointment. In case of the death, resignation or disability of the member so appointed, the governor shall fill the vacancy. Each member of said board shall receive four dollars a day for time actually spent in the performance of his duties under this act, and each member of said board shall receive his necessary expenses.

SEC. 3. An examination in the theory of accounts, practical accounting, auditing and commercial law shall be held annually for applicants for the certificates provided for in section 1 of this act, on the fourth Tuesday in February; but if, not less than five months after the annual examination, three or more persons shall apply to the board for certificates, it shall hold an examination for such applicants. The time and place of holding all examinations under this act shall be fixed by the board, and due notice thereof given to all applicants therefor.

SEC. 4. Upon the payment of an examination fee of twenty-five dollars, said board shall examine each applicant and grant certificates to such as it finds qualified. An applicant who fails to pass a satisfactory examination may be re-examined at any future meeting of the board without fee; but, for an examination subsequent to such re-examination, a fee of five dollars shall be paid. Said board shall make an annual report to the state treasurer of examinations given and certificates granted under this act, and shall pay into the state treasury the money received therefor in excess of the expenses of such examinations and certificates.

SEC. 5. Said board shall keep a book in which it shall enter the name of each person to whom a certificate is issued under the provisions of this act.

SEC. 6. Said board may, without examination, issue a certificate to a public accountant who has practised at least five years in compliance with the laws of another state, upon the payment of a fee of twenty-five dollars and upon the certificate of the board of public accountancy or other like board of the state in which such public accountant has practised, certifying to his competency and good moral character.

SEC. 7. The state board of accountancy may revoke a certificate issued under this act for sufficient cause, provided that written notice shall have been mailed to the holder of such certificate, at his last known address, at least twenty days before any hearing thereon, stating the cause of such contemplated action and appointing a time for a hearing thereon by said board; and no certificate issued under this act shall be revoked

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until such notice shall have been given and a hearing held in accordance therewith, if requested by the holder of the certificate in question.

SEC. 8. A person who falsely represents himself to be a public accountant, registered under the provisions of this act, shall be fined not more than five hundred dollars.

SEC. 9. This act shall take effect from its passage.

VIRGINIA

AN ACT TO ESTABLISH A STATE BOARD OF ACCOUNTANCY AND PRESCRIBE ITS DUTIES AND POWERS; TO PROVIDE FOR THE GRANTING OF CERTIFICATES TO ACCOUNTANTS WHO QUALIFY UNDER THE PROVISIONS OF THIS ACT, AND TO PROVIDE A PENALTY FOR VIOLATION OF THIS ACT.

(Approved March 14, 1910.)

1. *Be it enacted by the general assembly of Virginia*, that there is hereby established a state board of accountancy, to consist of five members, to be appointed by the governor; one member shall be a practising attorney in good standing in any of the courts of this state, and he shall hold office for the term of three years and until his successor is appointed and qualified; one member shall be an educator, and he shall hold office for the term of three years and until his successor is appointed and qualified; the other three members shall be practising public accountants who have been actively engaged in such practice on their own account for at least three years next preceding such appointment; and they shall hold office, one for the term of three years, and one for the term of two years, and one for the term of one year, as designated by the governor in his appointment; and upon the expiration of each of the said terms a member shall be appointed for the term of three years, but after January 1, 1911, all accountants appointed to serve on this board must be holders of C. P. A. certificates under the provisions of this act. Any vacancies that may occur from any cause shall be filled by appointment to be made by the governor for the unexpired term.

2. Any citizen of the United States (or person who has duly declared his intention of becoming such citizen), being over the age of twenty-one years and of good moral character, residing or having an office in the state of Virginia, who shall, as hereinafter provided, receive from the Virginia state board of accountancy a certificate of his qualifications to practise as an expert public accountant, shall be known and styled as a certified public accountant; but no other person, nor any corporation,

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nor any partnership, all the members of which have not received such certificate, shall assume such title, or the title of "certified accountant" or "chartered accountant," or the abbreviations "C. P. A." or "C. A.," or any other words, letters or abbreviations tending to indicate that the person, firm or corporation so using the same is a certified public accountant.

3. Examinations of persons applying for certificates under this act shall be held in Richmond at least once in every year, or oftener, in the discretion of the board. The subjects in which applicants shall be examined are (1) theory of accounts; (2) practical accounting; (3) auditing, and (4) commercial law as affecting accountancy.

No person shall be permitted to take such examination unless he shall have been practising on his own account as a public accountant for at least one year; or shall have been employed in the office of a public accountant, as an assistant, for at least two years; or shall have been employed as a bookkeeper for at least three years.

Applicants not presenting proper credentials showing that they have received a general education equivalent to a public high school course of recognized standing may be required, in the discretion of the board, to pass a preliminary examination in the subjects embraced in such high school curriculum.

All examinations herein provided for shall be conducted by the state board of accountancy, or by a majority thereof. The time and place of holding examinations shall be duly advertised for not less than three consecutive days in at least one daily newspaper published in Richmond, one published in Norfolk and one published in Lynchburg, not less than thirty days prior to the date of each examination.

The board may make all needful rules and regulations regarding the conduct and scope of the examination, the method and time of filing applications for examination and all other rules and regulations necessary to carry into effect the purpose of this act.

4. The board may, in its discretion, waive the examination of any person possessing the qualifications stated in section two of this act who (1) is the holder of a C. P. A. certificate issued under the laws of another state, which extends similar privileges to certified public accountants of this state, provided the requirements for said degree in the said state are, in the opinion of the board, equivalent to the requirements in this state; (2) is the holder of a degree of certified public accountant, or chartered accountant, or the equivalent thereof, issued under the laws of any foreign government, provided the requirements for said degree are, in the opinion of the board, equivalent to the requirements of this state; (3) has, for at least one year next preceding the date of his application, been practising in this state on his own account as a public accountant and who shall apply in writing to the board for such certificate within six months after this act becomes operative.

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5. The board may revoke any certificate issued under this act if the holder thereof (1) shall be convicted of felony, or (2) shall be declared by any court of competent jurisdiction to have committed any fraud, or (3) shall be declared by any competent court or commission to be insane or otherwise incompetent, or (4) shall be held by this board to be guilty of any act or default discreditable to the profession, provided that written notice of the cause of such contemplated action and the date of the hearing thereon by this board shall have been mailed to the holder of such certificate at his last known address at least twenty days prior to such hearing. At all such hearings the attorney general of this state, or one of his assistants designated by him, may sit with the board with all the powers of a member thereof.

6. The board shall charge each applicant a fee of twenty-five dollars (\$25.00) for the examination and certificate provided for in this act, which fee shall be payable at the time of application.

In case of the failure on the part of any applicant to attend the examination at the date specified by said board, or to pass a satisfactory examination, said applicant may appear at the next examination of said board for re-examination upon the payment of the further sum of ten dollars (\$10.00).

From the fees collected under this act the board shall pay all expenses incident to the examination, the expenses of issuing certificates, the traveling expenses of members of the board and their compensations while performing their duties under this act; provided, that no expense incurred under this act shall be a charge against the funds of this state. Any surplus of receipts over expenses shall, at the end of each year, be deposited by the treasurer of the board with the state treasurer to the credit of the state's general fund.

The members of this board shall be paid an amount not exceeding ten dollars (\$10.00) per day to each member for the time actually spent and also all necessary traveling expenses incurred in the performance of his duties under this act.

The board shall report annually to the governor the number of certificates issued and the amounts of receipts and expenses under this act.

7. If any person, or corporation, represents himself, or itself, to the public as having received the certificate provided for in this act, or if he shall advertise himself as a certified public accountant, or certified accountant, or chartered accountant, or use the initials C. P. A., or C. A., or otherwise falsely hold himself out as having qualified under this act, without having actually received a certificate from the state board of accountancy, or if, having received such certificate, he shall continue to practise as a certified public accountant after said certificate has been revoked, or if any person shall otherwise violate any of the provisions of this act, he shall be deemed guilty of a misdemeanor, and upon conviction thereof, shall be fined not less than one hundred dollars (\$100.00), nor

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more than five hundred dollars (\$500.00), or imprisoned for not less than one month nor more than six months, or both, in the discretion of the court.

8. Nothing herein contained shall be construed so as to prevent any person from being employed as a public accountant within this state.

9. All acts or parts of acts in conflict with the provisions of this act are hereby repealed.

WASHINGTON.

AN ACT TO CREATE A "STATE BOARD OF ACCOUNTANCY," AND PRESCRIBE ITS DUTIES AND POWERS; TO PROVIDE FOR THE EXAMINATION OF, AND ISSUANCE OF CERTIFICATES TO, QUALIFIED APPLICANTS, WITH THE DESIGNATION OF CERTIFIED PUBLIC ACCOUNTANT, AND TO PROVIDE THE PENALTY FOR VIOLATIONS OF THE PROVISIONS THEREOF.

(Approved March 12, 1903.)

Be it enacted by the Legislature of the State of Washington, as follows, to wit:

SECTION. 1. Within thirty days after this act shall take effect, the Washington Association of Public Accountants shall elect fifteen reputable and skilled accountants, who shall have been in practice as such not less than three consecutive years, from which the governor shall appoint five. The said five skilled accountants duly elected and appointed shall constitute the board of accountancy of the state of Washington, and shall hold office, as respectively designated in their appointments, for the term of one, two, three, four, or five years, as hereinafter provided, and until their successors have been duly elected and appointed. The members of such board shall, within thirty days after their appointment, take and subscribe to the oath of office as prescribed by the statutes of the state of Washington, and file the same with the secretary of state. The certified public accountants of the state of Washington, as hereinafter provided, shall annually elect five of their number, one of whom the governor of the state of Washington shall appoint to fill the vacancy annually occurring in the said board, such appointment to be for the term of five years. In case of a vacancy occurring from any cause, the governor shall fill the vacancy by appointing a certified public accountant from the names last submitted, to serve as a member of the board for the remainder of the term.

SEC. 2. The state board of accountancy shall have its office at such place in the state of Washington as shall be designated by the board, and its powers and duties shall be as follows:

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First: To formulate rules for the government of the board and for the examination of, and granting of certificates of qualification to, persons applying therefor.

Second: To hold written examinations of applicants for such certificates, at least semi-annually, at such places as circumstances and applications may warrant.

Third: To grant certificates of qualification to such applicants as may, upon examination, be found qualified in "theory of accounts," "practical accounting," "auditing," and "commercial law," to practise as certified public accountants.

Fourth: To charge and collect from all applicants such fee, not exceeding twenty-five dollars, as may be necessary to meet the expenses of examination, issuance of certificates, and conducting its office; *provided*, that all such expenses, including not exceeding five dollars per day for each member while attending the sessions of the board or conducting the examinations, must be paid from the current receipts; and no portion thereof shall ever be paid from the state treasury.

Fifth: To revoke for cause such certificate, after written notice to the holder, and a hearing being had thereon; *provided*, that such revocation must receive the affirmative vote of at least four members of the board.

Sixth: To report annually to the governor, on or before the first day of January in each year, all such certificates issued during the preceding year, together with a detailed statement of receipts and disbursements; *provided*, that any balance remaining in excess of the expenses incurred may be retained by the board and used in defraying the future expenses thereof.

Seventh: The board may, in its discretion, under regulations provided by its rules, waive the examination of applicants possessing the qualifications mentioned in sub-section three of this section, who shall have been for more than one year prior to the passage of this act, residents of the state of Washington, and who shall, in writing, apply for such certificate within one year thereafter.

Eighth: Every certified public accountant, during the time he continues the practice of his profession shall, annually, on such date as the board of accountancy may determine, pay to the secretary of said board of accountancy a fee of one dollar, in return for which payment he shall receive a renewal certificate for one year.

SEC. 3. Any citizen of the United States, or any person who has duly declared his intention of becoming such citizen, residing and doing business in the state of Washington, being over the age of twenty-five years and of good moral character, may apply to the state board of accountancy for examination under its rules, and for the issuance to him of a certificate of qualification to practise as a certified public accountant; and upon the issuance and receipt of such certificate, and during the period of its existence, he shall be styled and known as a certified public accountant, and no other person shall be permitted to assume and use such title,

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or to use any words, letters or figures, to indicate that the person using the same is a certified public accountant, or expert of accounts.

SEC. 4. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor, and upon conviction thereof before any court of competent jurisdiction, shall be punished by a fine in any sum not exceeding one hundred dollars.

SEC. 5. This act shall take effect from and after its passage and approval by the governor.

WEST VIRGINIA

AN ACT TO ESTABLISH A BOARD FOR THE EXAMINATION OF ACCOUNTANTS, TO PROVIDE FOR THE GRANTING OF CERTIFICATES TO THE SAME AND TO PROVIDE A PUNISHMENT FOR THE VIOLATION OF THIS ACT.

(Approved February 15, 1911.)

Be it enacted by the Legislature of West Virginia:

SECTION 1. That any citizen of the state of West Virginia, or any citizen of any other state having an office in this state, being over the age of twenty-one years and of good moral character, and who shall have received from the governor of the state of West Virginia a certificate to practise as a public expert accountant as hereafter provided, shall be designated and known as a certified public accountant, and every person holding such certificate and every co-partnership of accountants, every member of which shall hold such certificate, may assume and use the title of certified public accountant, or the abbreviation thereof, C. P. A.

SEC. 2. The governor of the state of West Virginia shall appoint a board of three examiners for the examination of persons applying for certification under this act. Two of said examiners shall be public accountants who have been in practice for at least five years, one of whom shall be appointed for the term of two years and one for the term of three years, and upon the expiration of each of said terms an examiner shall be appointed for the term of three years, and said two examiners shall be certified as public accountants by the governor upon their appointment. The other examiner shall be a practising attorney in good standing in any of the courts of the state of West Virginia, who shall be appointed for the term of two years, and upon the expiration of said term a successor shall be appointed for the term of three years. Said board shall elect from their own members a chairman, a secretary and a treasurer, and shall require the treasurer to enter a bond, payable to the

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state of West Virginia, in such penalty and with such surety as the board may approve, which said bond when so executed shall be filed with the secretary of the state. The examination for certificates shall be based upon an examination in theory of accounts, practical accounting, auditing, commercial arithmetic, bookkeeping and commercial law. Said examinations shall take place twice a year, in the city of Charleston during the months of May and November of each year, under such rules and regulations as may be adopted by the board. Each applicant for such certificate shall pay a fee of twenty-five dollars to the treasurer of the examining board, from which shall be paid the expenses incident to such examination, clerk hire, stationery and traveling expenses of the examining board; also a fee of ten dollars per day to each member of the board for the actual time spent by each in making such examinations. The residue of such fees received shall be paid to the state treasurer before the thirtieth day of September of each year, by the treasurer of said board. There shall be no appropriations whatsoever made to maintain this board. The result of all examinations shall be certified by the board to the governor and filed in the office of the secretary of state and kept for reference and inspection for a period of not less than five years, and the applicant upon passing the examination provided by the board shall receive a certificate of his qualification as such certified public accountant by the governor.

SEC. 3. The governor of the state of West Virginia may revoke any such certificate, for sufficient cause, upon the recommendation of the board of examiners, who, before making such recommendation, shall give written notice to the holder thereof and give him the right to appeal for a hearing thereon.

SEC. 4. The board of examiners may, in its discretion, waive the examination of any person who shall show by satisfactory evidence to said board that he has been for the term of three years next preceding the passage of this act practising in the state of West Virginia, or a sister state, as a public accountant, and who shall apply in writing for a certificate within three months after the passage of this act.

SEC. 5. Any person who shall hold himself out as having received the certificate provided for in this act, or who shall assume to practise thereunder as a certified public accountant, or use the initials C. P. A. or C. A., without having received the certificate provided for in this act, or after the same shall have been revoked, shall be deemed guilty of a misdemeanor and upon conviction thereof in any court of competent jurisdiction shall be sentenced to pay a fine not exceeding five hundred dollars; *provided*, that the provisions of this act shall not apply to any duty required to be performed under the provisions of chapter thirty-three of the acts of the special session of the legislature of one thousand nine hundred and eight.

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SEC. 6. It shall be the duty of the said board of examiners, on or before the first Monday in October of each and every year, to make a report in writing to the governor of this state, containing a detailed statement of the fees received and sums expended, and the balance remaining on hand at the end of the fiscal year after the payment of the necessary expenses as provided in this act.

WISCONSIN

AN ACT TO CREATE SECTIONS 1636—202 TO 1636—211, INCLUSIVE, OF THE STATUTES, RELATING TO CERTIFIED PUBLIC ACCOUNTANTS, AND APPROPRIATING CERTAIN REVENUES AND PROVIDING PENALTIES.

(Approved May 26, 1913.)

The people of the State of Wisconsin, represented in Senate and Assembly, do enact as follows:

SECTION 1. There are added to the statutes ten new sections to read: Section 1636—202. 1. The governor shall, within thirty days after the passage of this act, appoint three suitable persons, residents of the state of Wisconsin, who are hereby constituted a board by the name and style of "the Wisconsin state board of accountancy." The members of said board, with the exception of the members first to be appointed, shall be the holders of certificates issued under the provisions of sections 1636—202 to 1636—211, inclusive, shall hold office for a term of three years and until their successors are appointed and qualified.

2. Of members of the board first to be appointed, one shall be a professor of economics, finance, accountancy, or business administration and commercial law in a school of higher learning, and two shall be skilled public accountants who shall, for not less than three consecutive years, have been actually engaged in practice as public accountants. Such members shall hold office one for a term of one year, one for a term of two years, and one for a term of three years. The term of office of each shall be designated by the governor in his appointment. Any vacancy in the board shall be filled by the governor for the unexpired term.

3. The persons so appointed shall meet and organize within ninety days after their appointment and shall reorganize each year thereafter. A majority of said board shall constitute a quorum. They shall elect one of their number as president, one as vice-president, one as secretary and said officers shall hold their respective offices for the term of one year and until their successors are elected and qualified. The affirmative vote of two members of said board shall be considered as the action of said board, except in actions relative to the revocation of any certificate as

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provided for in subsection 1 of section 1636—206. In all such cases three affirmative votes shall be considered the action of said board.

4. The governor may remove for cause any or all members of said board, upon a hearing of which reasonable notice shall have been given.

5. In addition to the other duties provided by sections 1636—202 to 1636—211, inclusive, it shall be the general duty of this board to foster the standard of education pertaining to the science and art of accountancy, not only in its relationship to the interests of individual and organized business enterprises but in its relationship to the welfare of government, both general and local. This board shall endeavor, both within and without the profession of accountancy, to bring about a better understanding of the relationship of the science of accounting to the problems of public welfare.

Section 1636—203. 1. No certificate as a certified public accountant shall be granted to any person other than a citizen of the United States, or person who has in good faith declared his intention of becoming such citizen, who is over the age of twenty-three years and of good moral character and (except under the provisions of section 1636—204) who shall have successfully passed an examination in commercial accounting, governmental accounting, auditing, commercial law as affecting accountancy and in such other subjects as the board may deem necessary.

2. Examinations shall be held by the board at least once in each year at such time and places as may be determined by them. The time and place of holding examinations shall be advertised for not less than three consecutive days, not less than thirty days prior to the date of such examination, in at least one daily newspaper printed and published in the city of Milwaukee and in at least one daily newspaper printed and published in the city of Madison. Each applicant shall also be notified by mail, by the secretary of the board, at the address mentioned in the application, when and where such examination will be held. Such notice shall be mailed not less than thirty days prior to the date of the next examination.

3. All certificates issued under the provisions of sections 1636—202 to 1636—211, inclusive, shall be signed by at least two members of the board. The board shall record its proceedings, list all certificates issued and revoked and shall maintain such other records as may be necessary or desirable and all records shall be open to the inspection of the public at the office of the secretary of the board. The members of the board shall have the power of administering oaths as may be necessary to carry out the provisions of sections 1636—202 to 1636—211, inclusive.

4. The board may make all needful rules and regulations regarding the conduct of the examinations or their character or scope, the method and time of filing applications for examination and their form and contents, and all other rules and regulations necessary to carry into effect the purposes of sections 1636—202 to 1636—211, inclusive.

Section 1636—204. The state board of accountancy may in its dis-

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cretion waive the examination of, and issue a certificate to, any person possessing the qualifications mentioned in subsection 1 of section 1636—203 who

(a) is the holder of a certificate to practise as a certified public accountant issued under the laws of any other state which extends similar privileges to certified public accountants of this state, provided, that the requirements of the law of such state are, in the opinion of the board, equivalent to the requirements of the law of this state.

(b) is the holder of a certificate or license to practise as a public accountant issued in any foreign country; provided, that the requirements of the law of such foreign country are, in the opinion of the board, equivalent to the requirements of the law of this state.

(c) shall have had more than three years' experience as a public accountant and who shall have practised as a public accountant in, and been a resident of, this state for not less than one year prior to the passage of sections 1636—202 to 1636—211, inclusive, and who shall apply in writing to the board for such certificate within six months after the appointment of the first board. Each member of the first board shall receive a certificate permitting him to practise as a certified public accountant by a virtue of his appointment as such a member. The term public accountant as used in this paragraph shall be construed to mean a person skilled in the theory and practice of accountancy who places his services professionally at the disposal of the community for remuneration, and who is not employed during the business day on the permanent staff of any corporation, firm, copartnership or individual. A senior assistant of such a public accountant who is intrusted with the control of audits of accounts and work similar thereto shall also be considered a public accountant within the meaning of this paragraph.

Section 1636—205. Any person who has received from the Wisconsin state board of accountancy a certificate of his qualifications to practise as a public accountant shall be known and styled as a "certified public accountant," and no other person and no partnership, all the members of which have not received such a certificate, and no corporation shall assume such title or the title "certified accountant" or "chartered accountant" or "chartered public accountant" or the abbreviation "C. P. A." or any words, letters, or abbreviations tending to indicate that the person, firm, or corporation so using the same is a certified public accountant.

Section 1636—206. 1. The board shall revoke any certificate issued under sections 1636—202 to 1636—211, inclusive, for unprofessional conduct or other sufficient cause; provided, that written notice of the cause of such contemplated action and the date and place of the hearing thereon by the board shall have been mailed to the holder of such certificate at his last known address at least twenty days before such hearing. At the said hearing the attorney general of this state or one of his assistants, designated by him, shall sit with said board with all the powers of a member thereof.

2. All suits and proceedings arising out of the provisions of sections 1636

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—202 to 1636—211, inclusive, in which this board or any of its members or agents shall be parties, shall be conducted under the direction and supervision of the attorney general. All expenses incurred by or for the department of the attorney general in performing his duties under said sections shall be paid in the same manner as other expenses of his department and shall be charged against the appropriation for the department of the attorney general.

Section 1636—207. 1. Any person making an initial application for examination or certificate shall accompany such application with a United States money order or a certified cheque payable to the treasurer of the state of Wisconsin in the sum of twenty-five dollars. Should such application be rejected by the state board of accountancy such cheque or money order shall be returned to the applicant, but immediately upon approval of the application such cheque or money order shall be deposited in the treasury of the state in the manner hereinafter provided and shall be added to the general fund. Such money order or certified cheque shall be deposited with the secretary of state together with a voucher in duplicate, which shall be approved by the secretary of this board and which shall state the name and address of the applicant together with such other information as may be deemed advisable by the board or the secretary of state. The secretary of state shall audit such voucher and shall transmit the money order or certified cheque together with the duplicate voucher to the state treasurer.

2. All money so deposited by the board of accountancy shall, by the secretary of state, be credited to an appropriation account for the state board of accountancy, and all money deposited by this board is hereby appropriated for the purposes of carrying out the provisions of sections 1636—202 to 1636—211, inclusive.

3. Every applicant, who shall be unsuccessful in the initial examination, shall have the privilege of one re-examination without payment of an additional fee, if application for such re-examination be made within two years from the date of the first examination.

Section 1636—208. Each member of the board shall be paid an amount not exceeding ten dollars per day for the time actually expended in performing the duties imposed by sections 1636—202 to 1636—211, inclusive, and in addition thereto shall receive all actual and necessary expenses incurred in the performance of such duties. The board shall have power to incur liabilities for all necessary materials, supplies and expense necessary to perform the duties and carry out the purposes of said sections. Payment for services and expenses of members of the board and all other expenditures, as provided for by this section, shall be certified to the secretary of state, in the manner provided by chapter 523 of the laws of 1909, and being audited by the secretary of state, shall be paid from the general fund of the state treasury. The secretary of state shall charge such expenditures against the appropriation account for the state board of accountancy, provided in subsection 2 of section 1636—207.

Section 1636—209. 1. If any person represents himself to the public

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as having received a certificate as provided in sections 1636—202 to 1636—211, inclusive, or shall assume to practise as a certified public accountant, a certified accountant, a chartered public accountant, a chartered accountant, or use the abbreviation C. P. A. or any other words, letters or abbreviations to indicate that the person using the same is a certified public accountant, within the meaning of said sections, without having received a certificate to practise as a certified public accountant as herein provided, or having been deprived of such certificate by revocation as hereinbefore provided, shall continue to practise or represent himself as a certified public accountant, he shall be deemed guilty of a misdemeanor, and upon conviction thereof shall be punished by a fine of not less than fifty dollars nor more than two hundred dollars, or by imprisonment in the county jail for a period of not less than one month nor more than six months, or by both such fine and imprisonment in the discretion of the court for each day during which he shall have practised or violated any of the provisions of said sections.

2. Subsection 1 of section 1636—209 shall also apply to all partnerships, all the members of which have not received such certificates to practise as certified public accountants, and the penalties provided shall apply to all members of such partnership. Subsection 1 of section 1636—209 shall likewise apply to all corporations who shall assume such title or other words, letters, or abbreviations, and the penalties provided therein shall apply to each officer and director of such corporation.

3. Nothing in sections 1636—202 to 1636—211, inclusive, shall be construed to exclude any person from practising as a public or expert accountant in this state, but said sections shall apply to such persons, partnerships or corporations representing themselves or practising as set forth in subsection 1 of section 1636—209.

Section 1636—210. If any person practising in the state of Wisconsin as a certified public accountant under sections 1636—202 to 1636—211, inclusive, or if any person who is in the practice of public accountancy as a certified public accountant or otherwise, shall be found guilty of gross negligence or carelessness or shall wilfully falsify any report or statement bearing on any examination, investigation, or audit made by him or under his direction, he shall be deemed guilty of a misdemeanor, and upon conviction thereof, shall be punished by a fine of not less than one hundred dollars, nor more than one thousand dollars, or by imprisonment in the county or city jail for a term of not less than three months nor more than one year or by both such fine and imprisonment for each time he may be convicted of such a misdemeanor.

Section 1636—211. It shall be the duty of the respective district attorneys to prosecute all violations of the provisions of sections 1636—202 to 1636—211, inclusive.

SEC. 2. This act shall take effect upon passage and publication.

WYOMING

AN ACT TO CREATE A STATE BOARD OF ACCOUNTANCY AND TO REGULATE PUBLIC ACCOUNTANTS.

(Approved February 17, 1911.)

Be it enacted by the General Assembly of the State of Wyoming:

SECTION 1. Within thirty days after the passage of this act the governor shall appoint three persons to constitute a state board of accountancy. The members of said board shall be persons skilled in the knowledge and practice of accounting and actively engaged as professional accountants within the state of Wyoming.

SEC. 2. The members of such board shall hold office for three years, or until their successors are appointed and have qualified, except that, of the members first appointed under this act, one shall hold office for one year, one for two years, and one for three years—the term of each to be designated by the governor in his appointment. Upon the expiration of each of said terms a member shall be appointed by the governor for the period of three years, and after the thirty-first day of December, 1911, the members of said board shall be appointed from among the holders of certificates issued under this act.

SEC. 3. The board shall determine the qualifications of persons applying for certificates under this act, and make rules for the examination of applicants and the issue of certificates herein provided for.

SEC. 4. The board shall organize by the election of one of its members as president, one member as secretary and one as treasurer; provided, however, that the office of secretary and treasurer may be held by one person.

SEC. 5. The treasurer shall give bond to the state in such sum as may be determined by the board.

SEC. 6. The board shall keep a complete record of all its proceedings, and shall annually submit a full report to the governor.

SEC. 7. The board shall grant certificates of qualification to such applicants as may, upon examination, be qualified in "theoretical and practical accounting," "commercial law" as affecting accountancy, and in such other subjects as the board may deem advisable. A majority of the board shall constitute a quorum, and the vote of two members shall be considered as the action of the board.

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SEC. 8. Any citizen of the United States, or person who has duly declared his intention of becoming such citizen, over the age of twenty-one years, of good moral character, being a graduate of a high school or having had an equivalent education, who has had at least three years' experience in the practice of accounting, and has passed a satisfactory examination as herein provided, shall be entitled to a certificate as public accountant, and shall be styled and known as a certified public accountant.

SEC. 9. The examination shall be held as often as may be necessary in the option of the board, and at such times and places as it may designate, but not less frequently than once in each calendar year.

SEC. 10. The board shall charge for each examination and certificate provided for in this act a fee of twenty-five dollars. This fee shall be payable to the treasurer of the board by the applicant at the time of filing the application. In no case shall the examination fee be refunded, but said applicant may be re-examined within eighteen months from the date of his application without payment of an additional fee.

SEC. 11. The members of the board to be appointed under the provisions of this act shall be paid for the time actually expended in the pursuance of the duties imposed upon them by this act, an amount not exceeding ten dollars per day, and they shall also be entitled to necessary traveling expenses.

SEC. 12. From the fees collected, the board shall pay all expenses incident to the examinations to be held under this act, the expenses of preparing and issuing certificates, the traveling expenses of examiners, and their compensation while performing their duties under this act; provided, that no expense incurred under this act shall be a charge against the state. Any surplus arising shall at the end of each year be deposited, by the treasurer of the board, with the state treasurer to the credit of the general fund.

SEC. 13. Any person who files his application within six months after the organization of the board, and is at the time of filing said application a public accountant and has practised as such for at least three years next preceding the date of his application, the last year of which has been in the state of Wyoming, shall file with his application proof of said facts. The board shall consider said proofs and such other evidence as may be procured, and if it be satisfied that the statements contained in said application and proofs are true, and that the applicant is of good moral character, the board shall accept said proofs and evidence in lieu of an examination, and shall grant said applicant a certificate.

SEC. 14. Any citizen of the United States or person who has declared his intention of becoming such citizen, over twenty-one years of age, of

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good moral character, and who has complied with the rules and regulations of the board pertaining to such cases, and who holds a valid and unrevoked certificate as a certified public accountant, or the equivalent thereof, issued by or under the authority of any state of the United States, or of the United States, or the District of Columbia, or any territory of the United States, or by or under the authority of a foreign nation, when the board shall be satisfied that their standings and requirements for a certificate as a certified public accountant are substantially equivalent to those established by this act, may at the discretion of the board receive a certificate as a certified accountant, and such person may thereafter practise as a certified public accountant or use any abbreviation or abbreviations thereof, in the state of Wyoming; provided, however, that such other state or nation extend similar privilege to certified public accountants of the state of Wyoming.

SEC. 15. The governor of the state of Wyoming may revoke any such certificate for sufficient cause upon the recommendation of the board of examiners, who shall have given written notice to the holder thereof, and after he has had a hearing thereon.

SEC. 16. If any person shall hold himself out as having received the certificate provided for in this act, or shall assume to practise thereunder as a certified public accountant, or use the initials C. P. A. without having received such certificate, or after the same shall have been revoked, he shall be deemed guilty of misdemeanor, and on conviction thereof shall be fined not less than fifty dollars and not exceeding two hundred dollars for each offense.

SEC. 17. Nothing herein contained shall be construed to restrict or limit the power or authority of any state, county or municipal officer or appointee engaged in or upon the examination of the accounts of any public officer, his employees or appointees.

SEC. 18. This act shall take effect and be in force from and after its passage.

APPENDIX E

Constitution and By-Laws
of
The American Association of Public
Accountants.

CONSTITUTION AND BY-LAWS
OF
The American Association of Public
Accountants

[As amended at the Annual Meeting at Boston, Mass., September, 1913.]

CONSTITUTION

ARTICLE I.

NAME AND OBJECTS.

The name of the association shall be "The American Association of Public Accountants."

Its objects shall be to unite in one organization the public accountants practising in the United States, to advance the science of accountancy, aid in securing uniformity of legislation affecting the profession and the business community, uphold the high standard of the profession, and encourage cordial intercourse among public accountants.

ARTICLE II.

MEMBERS—THEIR ELECTION AND ADMISSION AND CERTIFICATES.

SECTION 1. The membership of this association shall consist of two classes—fellows and associates.

SEC. 2. *Fellows* shall consist of accountants who have obtained and hold a C. P. A. certificate duly issued to them by virtue of the laws of any state or territory; which laws, as to their educational and moral requirements and in the standard of the examinations held in accordance therewith, shall be acceptable to the board of trustees of this association. Applicants must have been in continuous public practice on their own account for a period of three years preceding the date of application, or for a like period as accountants in the employment of a public accountant of recognized standing in the profession.

SEC. 3. *Associates* shall consist of those who have not been in service or practice for the whole period of three years as required by the preceding section 2, but who in all other respects conform to the requirements thereof and who at the date of their application are in practice on

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their own account or as accountants in the employment of a public accountant of recognized standing in the profession.

SEC. 4. Members shall be distinguished as *Society Fellows* and *Society Associates*; and *Fellows-at-large* and *Associates-at-large* respectively. *Society Fellows* and *Society Associates* are those who are members of the association solely by virtue of their membership in state or district societies admitted to this association. *Fellows-at-large* and *Associates-at-large* are those who are such at the date of the adoption of this constitution and those admitted as hereinafter provided.

SEC. 5. The entire membership of state or district societies consisting only of certified public accountants may, on the respective applications of such societies, be admitted to this association as whole bodies, by a two-thirds vote of those present at any meeting of the board of trustees of this association; and the individual members of such societies, by such admission, shall become either *fellows* or *associates* of this association as they may be eligible under the provisions of sections 2 and 3 of this article; only such persons as hold C. P. A. certificates shall be entitled to membership as fellows in this association.

SEC. 6. Each state or district society shall be responsible for the annual dues of its members to this association, which annual dues shall be payable as hereinafter provided in article V of the by-laws of this association.

SEC. 7. Upon the admission to membership of any fellow or associate to any state or district society which has been admitted to this association such member shall be reported by the secretary of such society to the secretary of this association, and upon his election by the board of trustees shall become a fellow or associate of this association, subject to the provisions of sections 2 and 3 of this article. Society membership in this association shall cease when any member ceases to be a member of any constituent state or district society.

SEC. 8. The trustees may in their absolute discretion by resolution passed by a majority of the members present and voting refuse to admit or elect any person to either degree of membership, fellow or associate, whom they deem unfit or unsuitable, or suspend for future consideration an application for admission for such time as they may deem desirable; they may readmit to membership any person who has ceased to be a member of the association by resignation, provided satisfactory causes for such resignation and readmission be submitted to them.

SEC. 9. Every application for membership in this association made by a constituent society on behalf of a person resident in another state or district where a state or district society is established and of which society said applicant is not a member, shall be submitted to such state or district society for approval and report thereon. In the event of said

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state or district society withholding its approval it shall require the affirmative vote of three-fourths of all members of the board of trustees present at any regular or special meeting to elect such applicant to membership.

SEC. 10. Upon admission as a fellow or associate every member shall be entitled to a certificate of membership which shall be surrendered to the secretary in the event of his membership ceasing.

SEC. 11. From and after January 1, 1913, no applications for membership shall be considered other than from state or district societies whose fellow membership is entirely composed of C. P. A. certificate holders; and all articles, sections, paragraphs or clauses in this constitution and by-laws in conflict herewith on and after the above given date are hereby abrogated and annulled.

HONORARY MEMBERSHIP.

SEC. 12. The association, by unanimous vote of the members present at any regular or special meeting, on nomination by the board of trustees, may confer honorary membership on any person or persons who by their standing and celebrity in the community at large may be considered as entitled to receive such an honor.

ARTICLE III.**STATE OR DISTRICT SOCIETIES.**

SECTION 1. The objects of this association shall be in no manner whatsoever to regulate or interfere with the management, government or organization of any of the state or district societies belonging to it, except as to the proper observance of this constitution and by-laws, nor shall it seek to interfere with legislation in any state except with the consent of the society of such state or district; provided, however, that this association reserves the right in the interests of the profession at large to register its approval or otherwise of any statute or proposed legislation affecting the interests of the profession in any state, district or territory of the union, and actively to oppose measures that in the opinion of the board of trustees are inimical to the profession.

ARTICLE IV.**OFFICERS, TRUSTEES, AND COMMITTEES.**

SECTION 1. The officers of the association shall be as follows:

A president;

Vice-presidents, who shall be the presidents of the respective state or district societies, or such other member as a state or district society may select as a vice-president of this association, except, however, that the president or other nominee of such society at the date of the annual

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meeting shall serve as a vice-president of the association until the succeeding annual meeting, provided the said officer shall continue a member in good standing in such society; and

A treasurer;

all of whom shall be fellows of this association; also

A secretary who shall be a fellow of the association unless in the judgment of two-thirds of all the members of the board of trustees the interests of the association will be better served by securing the services as secretary of a person who is not a fellow of the association;

Two auditors, who shall be members of this association, but not members of its board of trustees, and who shall reside in or near the place selected for the next annual meeting.

SEC. 2. Not more than one officer—exclusive of vice-presidents—shall be selected from among the members of any one state or district society or from among the members-at-large, unless otherwise determined by a two-thirds vote at any meeting of the association.

TRUSTEES

SEC. 3. (a) The board of trustees shall be composed of the president, vice-presidents, treasurer, and *nine* other members who shall be fellows of the association.

(b) No more than three members of the board of trustees, exclusive of the president, vice-presidents, and treasurer, shall be selected from members of the same state or district society or from among the members-at-large, provided that any member nominated by a society not having its full representation of the board shall not be disqualified by reason of such nominee being a member of a society which is fully represented.

COMMITTEES.

SEC. 4. There shall be eleven regular standing committees, viz.:

EXECUTIVE—Appointed by the board of trustees in accordance with article 1, section 8 of the by-laws:—and ten other committees consisting of three members each to be appointed by the president annually, viz.:—

MEMBERSHIP—Examinations, qualifications and elections

CONSTITUTION AND BY-LAWS.

BUDGET AND FINANCE.

FEDERAL LEGISLATION.

STATE LEGISLATION.

ARBITRATION—Disciplinary.

TERMINOLOGY—Definitions and technology.

EDUCATION—Meetings, lectures, libraries and bulletins.

JOURNAL—Supervisory and editorial.

ANNUAL MEETING—Convention.

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SEC. 5. A majority of each committee shall constitute a quorum for the transaction of business.

SEC. 6. The president shall be *ex officio* a member of all committees.

ARTICLE V.

ELECTION OF OFFICERS AND TRUSTEES.

SECTION 1. The president, treasurer, trustees, and auditors shall be elected at the annual meeting. They shall hold office during the respective terms for which they are elected, or until their successors are chosen. In case of vacancy in office, the board of trustees shall have the power to fill the same until the next annual meeting. The secretary shall be appointed by the board of trustees and shall continue in office at its discretion.

ARTICLE VI.

SEAL.

SECTION 1. The corporate seal of the association shall be circular in form, having displayed in its centre an eagle, upon its breast a shield, its talons resting upon a riband containing the motto or inscription "*Custos fidelitatis*," the riband covering a bunch of arrows and branch of tree on each side respectively and beneath the eagle's talons. Beneath the inner rim, and above the eagle's head, a balance. Inside the rim, the inscription, "The American Association of Public Accountants, 1887."

ARTICLE VII.

AMENDMENTS.

SECTION 1. Alterations, additions or amendments to the constitution or by-laws of this association shall be made only at a regular meeting thereof and by a two-thirds vote of the members represented thereat. No proposition to alter, amend, or add shall be acted on unless written notice thereof has been given to the secretary at least ninety days prior to the meeting at which the same is to be submitted for action. A copy of any such proposition shall be embodied in the call for the next regular meeting and a copy sent direct to every member-at-large of this association and to the secretary of each affiliated society, *at least thirty days* before the date of such next regular meeting at which the proposition to alter, amend, or add is to be acted on, furnishing each such secretary with one copy of such notice for each and every member in the society.

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BY-LAWS

ARTICLE I.

PRESIDENT.

SECTION 1. It shall be the duty of the president to preside at all meetings and to enforce all laws and regulations relating to the administration of the association.

SEC. 2. He shall call meetings of the association or board of trustees when he deems it necessary, or when requested so to do by the executive committee, or upon the written request of at least one-fourth of the constituent societies for a meeting of the association, or one-fourth of the trustees for a meeting of the board of trustees.

VICE-PRESIDENTS.

SEC. 3. In the absence of the president, one of the vice-presidents named by the president, or, failing this, designated by the board of trustees, shall have all the powers and prerogatives of the president, provided that if the president be absent from the annual meeting of the association the chairman shall be appointed from the vice-presidents by the board of trustees.

CHAIRMAN *pro tempore*.

SEC. 4. In the event of the absence of the president and vice-presidents from any meetings of the association or board of trustees, one of the members present shall preside.

TREASURER.

SEC. 5. All moneys payable to the association shall be paid to the treasurer of the association and by him deposited in a bank designated by the board of trustees, and all moneys payable by the association shall be paid by cheques signed by the treasurer; provided, however, that nothing herein contained shall prevent the board of trustees from placing in the hands of the treasurer or other officer such sums as may be necessary to meet salaries and pay current expenses. The treasurer shall be required to give a bond satisfactory to the trustees.

SECRETARY.

SEC. 6. The secretary shall perform all the duties usually appertaining to his office and such other duties as may be assigned to him by the president, the board of trustees, or the executive committee. It shall also be his duty, subject to the executive committee, at all seasonable opportunities to advocate the cause of the profession generally and to initiate correspondence in promotion of the aims of the association.

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AUDITORS.

SEC. 7. The accounts of the association shall be audited and the report of the auditors shall be made at the annual meeting. The books of the association and the annual accounts shall be delivered to the auditors at least three days before each annual meeting, and their report thereon shall be filed with the board of trustees before the date of such meeting.

BOARD OF TRUSTEES AND EXECUTIVE COMMITTEE.

SEC. 8. It shall be their duty to take charge, control, and management of all the property, real and personal, belonging to the association. They shall keep a record of their proceedings, and make a report thereof in writing to the association at the annual meeting.

Generally the board of trustees shall exercise all powers requisite for the purposes of the association as herein described and possess such other powers as provided for by statute.

The board of trustees shall appoint an executive committee consisting of the president of the association as chairman of said committee, the treasurer of the association, and five other members of the board of trustees, to whom the board may delegate such of its powers as it may determine, except (a) the election of new members; (b) filling a vacancy caused by the death, disability, or resignation of any officer or member of the board of trustees; (c) suspension of an affiliated society or a member for any cause whatsoever; (d) filling a vacancy on the executive committee; (e) appointment or removal of the secretary.

The executive committee shall keep minutes of its proceedings and report such fully to the board of trustees at each meeting thereof. It shall be their duty generally to administer the affairs and supervise the finances of the association, to audit all bills prior to the payment thereof, and to perform such other duties and exercise such other powers as may be designated by the board of trustees.

SEC. 9. The office of a member of the board of trustees may be vacated by his absence from two consecutive meetings of the board, without good and sufficient reason satisfactory to the board of trustees.

SEC. 10. The board of trustees shall adopt an annual budget showing the amount of money appropriated for the several purposes of the association for the ensuing year.

No debts shall be contracted or money spent other than as specified in said budget or in excess of the sum provided for the stated purposes until such proposed expenditure or indebtedness has received the approval of at least a majority of the members of the board of trustees in meeting assembled.

COMMITTEE ON MEMBERSHIP.

SEC. 11. The duties of this committee shall be to inquire into the standing and character of each person proposed for membership, and to

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report the same at the next meeting of the board of trustees, unless excused by a vote of said board, and no person shall be reported except by a majority of said committee.

COMMITTEE ON BY-LAWS.

SEC. 12. Every question involving the amendment, construction, or addition of or to any by-laws shall be referred to this committee.

COMMITTEE ON ANNUAL MEETING.

SEC. 13. This committee shall have charge of all arrangements, plans, programmes, etc., for the annual meeting of the association.

COMMITTEE ON STATE LEGISLATION.

SEC. 14. The duties of this committee shall be to assist affiliated societies in matters relating to state legislation affecting the profession, to support members against unjust attack where questions of professional principle are involved, and to consider such questions as may be referred to it by the executive committee or board of trustees.

The committee shall report to the board of trustees at each of its regular meetings the legislative situation as affecting the profession in each state of the union where matters of interest have arisen since the date of the previous report.

COMMITTEE ON FEDERAL LEGISLATION.

SEC. 15. This committee shall have charge of the interests of the association as they may be affected by federal legislation. It shall report to the board of trustees at each regular meeting thereof, or to the executive committee upon request.

COMMITTEE ON JOURNAL.

SEC. 16. The duties of this committee shall be to direct the policy of THE JOURNAL OF ACCOUNTANCY.

COMMITTEE ON EDUCATION.

SEC. 17. This committee shall direct its efforts to the development of accountancy education, and shall report annually the progress thereof.

COMMITTEE ON BUDGET.

SEC. 18. The duties of this committee shall be to prepare an annual budget and present it to the board of trustees for adoption.

COMMITTEE ON ARBITRATION.

SEC. 19. The duties of this committee shall be:

(a) To investigate and arbitrate such differences of a professional character between members of this association as shall be referred to

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it by the board of trustees, executive committee, or by mutual consent of the parties thereto members of this association.

(b) To report the findings thereon to the board of trustees and the parties to the arbitration, provided, however, that no reports to the trustees or executive committee shall be requisite if the findings of this committee be accepted by all of the parties in issue.

(c) And in the event of the non-acceptance of the findings of this committee by any of the parties in issue, to prefer charges against such person or persons before the board of trustees sitting as a trial board.

This committee shall organize by the selection of one of its members as secretary, who shall notify in writing at least thirty days in advance of any action such member or members of this association as may be affected by such investigation.

Provided always that nothing herein contained shall operate to suspend the authority of state societies for the adjudication of disputes between members thereof.

COMMITTEE ON TERMINOLOGY.

SEC. 20. The duties of this committee shall be to assume charge of the glossary of scientific and technical terms in use by accountants, to recommend to the board of trustees additions thereto at each annual meeting, and at all times aim to preserve such terms as are specific, definite, and generally accepted by the business world.

ARTICLE II.

MEETING OF THE ASSOCIATION—REGULAR.

SECTION 1. The annual meeting of the association shall take place on the third Tuesday of September of each year. Notices of meeting shall be sent out not less than thirty days prior to such meeting direct to each member-at-large and to the membership of constituent societies through the respective secretaries thereof, stating the place, date, and time of such meeting.

ANNUAL MEETING.

SEC. 2. (a) The annual meeting shall be held at such place in the United States as the members in annual meeting of the preceding year shall decide.

(b) The fiscal year of the association shall end on the 31st day of August in each year.

SPECIAL MEETINGS.

SEC. 3. Special meetings may be called in accordance with these by-laws, at which meetings no business other than that for which they were called shall be transacted. The place at which such meetings shall be held shall be determined by the executive committee.

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Notices of such meetings shall be sent, not less than thirty days prior to each such meeting, direct to every member-at-large and to the membership of constituent societies through the respective secretaries thereof, stating the place and date of such meeting and the business to be transacted.

SEC. 4. A full report of each regular or special meeting shall be published in the next issue of THE JOURNAL OF ACCOUNTANCY.

BOARD OF TRUSTEES' MEETINGS.

SEC. 5. (a) Regular meetings of the board of trustees shall be held on the Thursday next after the third Tuesday in September, the second Monday in April, and the Monday next preceding the third Tuesday in September of each year. Other meetings may be called by the president. All meetings shall be held at such places as shall be determined by the executive committee.

Twenty-one clear days' notice of a meeting of the board of trustees shall be given to each member, mailed to him at his usual or last known address, and such notice shall, as far as possible, contain a statement of the business to be transacted at such meeting and the names of any candidates for admission to membership of the association.

Copies of the minutes of each meeting shall be forwarded by the secretary within fifteen days thereafter to every member of the board of trustees.

(b) In lieu of calling a special meeting of the board of trustees the president may submit proposed resolutions to a vote of the board by correspondence, and any such resolution which is approved by not less than two-thirds of the whole membership of the board shall be declared by the president to be duly carried and shall be recorded on the minutes of the board.

COMMITTEE MEETINGS.

SEC. 6. All committees shall be subject to the call of their respective chairmen.

QUORUM.

SEC. 7. A representation of a majority of the fellows of this association shall constitute a quorum authorized to transact any business duly presented at any meeting of the association.

Seven trustees shall constitute a quorum of the board of trustees; except when convened as a trial board, when a majority shall be necessary.

ARTICLE III.

REPRESENTATION AT MEETINGS OF ASSOCIATION—SOCIETY DELEGATES.

SECTION 1. Once in each calendar year each state or district society shall elect delegates and alternates thereto from among its members who

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are fellows of this association to represent such society at the meetings of the association, and such delegates shall be entitled to cast a vote or votes at each meeting of the association during the ensuing twelve months upon each question which shall properly be brought before any such meeting, representing in the aggregate the total number of society fellows of this association who are entitled to representation as are members of said state or district association on which dues are paid to the association. Provided, however, society fellows who are such through membership in more than one state or district society shall elect as to the society through which they desire representation, and they shall be entitled to representation for voting purposes by one such society only. In the absence of instructions to the contrary, they shall be credited to the state or district society from which their last annual dues were received. Each delegate present shall cast an equal proportion of the total vote of the society he represents unless otherwise directed by his society.

SEC. 2. Each state or district society may determine as to the number of its delegates to this association, not to exceed, however, one delegate for every ten fellows, and provided that at least ten days prior to every meeting of the association the secretary of each state or district society shall furnish a properly attested certificate of the names of the delegates and alternates thereto who have been duly elected to represent such society, and also to state thereon the number of fellows, members of such society, who are entitled to representation in this association.

FELLOWS-AT-LARGE.

SEC. 3. Each fellow-at-large, who was a member of this association prior to January 10, 1905, shall be entitled to cast one vote, either personally or by duly authorized proxy, upon each question which shall properly be brought before any meeting of the association, and for the election of officers thereof. If, however, he elects so to vote he shall not be entitled to representation for voting purposes as a society member.

SEC. 4. Fellows-at-large who may have been admitted to membership after January 10, 1905, shall not be entitled to a vote until such time as their number reaches ten, when they shall, once in each calendar year, form themselves into an assembly or group for the purpose of obtaining representation at the meetings of the association; and for such purpose they shall select from among their number a delegate or delegates and alternates, not to exceed, however, one delegate for every ten such fellows-at-large, who shall be entitled to cast a vote or votes pursuant to the provisions of section 1 of this article. The notice to the secretary of the association of the election of such delegates and alternates shall be in accordance with the procedure indicated in section 2 of this article.

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ASSOCIATE MEMBERS.

SEC. 5. Associate members shall not be entitled to any vote.

MEMBERS MAY ATTEND MEETINGS.

SEC. 6. All members of the association may attend all meetings and take part in the proceedings thereof, but voting shall only be in accordance with the provisions of this article.

ARTICLE IV.

NOMINATION AND ELECTION OF OFFICERS.

SECTION 1. Nominations may be made at the annual meeting of the association by any society delegate or fellow-at-large for each of the following officers, viz.:

President,

Treasurer, and

Two auditors, to serve until the date of the succeeding annual meeting; and for

Three trustees, to serve for three years each.

Nominations may also be made at the same time to fill the unexpired term of any trustee whose office may be then vacant.

SEC. 2. Election shall be by ballot. A chairman and two tellers shall be appointed to receive the ballots for each officer, trustee, and auditor. They shall canvass the ballots so cast and announce the result to the presiding officer, who thereupon shall declare the members receiving the majority of the votes cast elected to the respective offices.

SEC. 3. In case of no choice on the first ballot for any one or more officers, trustees, or auditors, a new election shall take place at once for the particular case or cases in which there had been no choice, until a choice be made.

ARTICLE V.

INITIATION FEES AND DUES.

SECTION 1. The following shall be the initiation fees:

(a) By a fellow-at-large on admission, without becoming an associate, \$25.00.

(b) By an associate-at-large on becoming a fellow, \$15.00.

(c) By an associate-at-large on admission, \$10.00.

SEC. 2. No initiation or admission fees shall be exacted from state or district societies in respect to members joining the association through such societies as provided in article II of the constitution of this association.

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SEC. 3. The following shall be the dues for each fiscal period ending August 31:

By each fellow-at-large, \$10.00.

By each associate-at-large, \$7.50.

By each society fellow, \$10.00.

By each society associate, \$5.00.

And it shall be optional for each state society to increase its dues on each class of membership by \$2.00 for each member, in consideration for which THE JOURNAL OF ACCOUNTANCY shall be distributed, without additional expense, to each member of each society so acting.

SEC. 4. Such dues shall be due and payable annually in advance on September 1 of each year, or at the date of a member's election or admission to membership; and until such payment thereof, no certificate of membership shall be issued. Such dues shall be apportioned in the first instance to the end of the fiscal year, namely, August 31.

SEC. 5. No affiliated society or member-at-large of the association shall be permitted to vote or be entitled to representation at any meeting thereof when dues are sixty days in arrears.

SEC. 6. No state or district society shall be assessed for dues upon any member who elects representation through another society or as a member-at-large.

ARTICLE VI.

RULES OF CONDUCT.

1. No member shall allow any person to practise in his name as a public accountant who is not a member of this association, in partnership with him or in his employ on a salary.

2. No member shall directly or indirectly allow or agree to allow a commission, brokerage, or other participation by the laity in the fees or profits of his professional work.

3. No member shall engage in any business or occupation conjointly with that of a public accountant, which in the opinion of the board of trustees is incompatible or inconsistent therewith.

4. No member shall certify to exhibits, statements, schedules, or other forms of accountancy work which have not been verified entirely under the supervision of himself, a member of his firm, one of his staff, a member of this association or of a similar association of good standing in foreign countries.

5. No member shall in his business advertisements use any initials as an affix to his name that are not either authorized by statutory enactment of this country or by the well-known associations established for a similar purpose in the British empire, nor shall he affiliate with or substantially recognize any society that is designated or in any way sets itself out to be a so-called certified public accountant society, unless the

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state in which such society is organized has the requisite statutory enactment in full force and effect.

6. No member shall take part in any effort to secure the enactment, alteration or amendment of any state or federal law affecting the profession without giving immediate notice thereof to the secretary of this association, who in turn shall at once advise the secretary of the state or district society concerned.

ARTICLE VII.

SUSPENSION AND EXPULSION.

SECTION 1. A state or district society, or any member-at-large failing to pay the annual dues, or any subscription, assessment, or other sum owing by them to the association, within five months after such debt has become due shall automatically cease to be a member of this association.

SEC. 2. A state or district society renders itself liable to be expelled from the association or to be suspended for a term not exceeding two years by resolution of the board of trustees sitting as a trial board, if, after election to membership, it (a) lowers its standards of admission to membership; (b) fails to maintain its organization; or (c) refuses or neglects to give effect to any decision of this association, of the board of trustees or of the committee on arbitration.

SEC. 3. A member renders himself liable to be expelled from the association or to be suspended for a term not exceeding two years by resolution of the board of trustees sitting as a trial board, if (a) he infringes any part of the rules of conduct of the association, (b) is convicted of felony or misdemeanor, (c) is finally declared by a court of competent jurisdiction to have committed any fraud, (d) is held by the board of trustees on the written complaint of any person aggrieved, whether a member or not, to have been guilty of any act or default discreditable to the profession, or (e) is declared by any competent court or commission to be insane or otherwise incompetent.

ARTICLE VIII.

TRIAL BOARD.

SECTION 1. For the purpose of adjudicating complaints or charges against members of the association as provided in article VII the board of trustees shall convene as a trial board.

SEC. 2. Due notice shall be mailed to the parties to the cause by the secretary at least thirty days prior to the proposed session.

SEC. 3. A three-fourths vote of those trustees present shall be necessary to a decision.

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SEC. 4. The board of trustees (sitting as a trial board) may in the exercise of its discretion recall, rescind, or modify any resolution for expulsion or suspension at a meeting similarly called and convened by a like majority vote as required in section 3 of this article, provided that not less than three-fourths of the members constituting such board shall have been of the board that issued the decree then being reconsidered.

SEC. 5. Written notice of any resolution for expulsion or suspension shall forthwith be sent to the member affected thereby and to the secretary or secretaries of the state or district society or societies with which such member is affiliated or in which state he has his domicile or place of business.

ARTICLE IX.

RULES OF ORDER.

SECTION 1. The rules of parliamentary procedure as laid down in *ROBERTS' Rules of Order* shall govern all meetings of the association.

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